

# JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

ISSUED THE TENTH OF EACH MONTH  
5 NASSAU STREET, NEW YORK, N.Y.

SUBSCRIPTION ONE DOLLAR A YEAR.

Entered as second-class matter, May 5, 1909, at the Post Office at New York, N. Y.,  
under the Act of March 3, 1879.

Copyright 1912 by The American Bankers Association.

Vol. 5

FEBRUARY, 1913

No. 8

## OUR NEXT CONVENTION IN BOSTON.

THE last Convention at Detroit, in September, 1912, accepted the invitation of the bankers of Boston for the next Convention. Immediately after the Detroit Convention, the Clearing House Association of Boston began the consideration of plans in connection with the Convention in that city, which has resulted in the appointment of two important committees.

The Copley-Plaza Hotel has been selected as headquarters. This selection was made by the Executive Committee of the Boston Clearing House in consultation with the General Secretary of the American Bankers Association, who visited Boston for the purpose of going over some of the details.

The Boston Clearing House Committee, after a full consideration of the question as to dates, the weather, and the hotel accommodations which would be more available at a later date, selected the week of October 6, 1913.

The Copley-Plaza is a modern structure, the latest in up-to-date hotel construction, and ranks as one of the best hotels in the United States. It is admirably adapted to convention purposes, as it has a ball-room on the ground floor sufficiently large to accommodate the Convention; also a registration room, and rooms for section and committee meetings, all of which will be on the first floor. This hotel is located in the Back Bay district, and within five or six blocks there are some ten other good hotels. It is also excellently situated as to transportation facilities.

It is the belief of the Boston Clearing House Committee that the hotel accommodations can be best handled by a hotel committee of their own, so that the hotels of Boston have assigned to the Boston Hotel Committee all rooms available, and all rooms will be assigned by the Hotel Committee in the order in which applications reach them. This also includes the accommodations which are to be furnished the officials and Executive Council of the Association. All requests for reservations should be addressed to the

Chairman of the Hotel Committee. The Committee is as follows:

Charles P. Blinn, Jr., National Union Bank, Chairman.

E. Elmer Foye, Old Colony Trust Co.

George W. Hyde, First National Bank.

Benjamin Joy, National Shawmut Bank.

Frank H. Wright, Second National Bank.

The Executive Committee has been recently appointed, and is as follows:

T. P. Beal, President Second National Bank, Chairman.

A. L. Ripley, Vice-President Merchants National Bank.

W. A. Gaston, President National Shawmut Bank.

D. G. Wing, President First National Bank.

Philip Stockton, President Old Colony Trust Co.

Allan Forbes, President State Street Trust Co.

W. R. Evans, President Boston Five Cents Savings Bank.

H. L. Ayer, Secretary.

The Secretary of the Executive Committee will devote his time to this Convention and the work of the various committees, and all communications intended for the Executive Committee should be addressed to him, 70 Federal street, Boston.

The bankers of the Hub are alive to the importance of this Convention, the increased attendance, and the importance of carrying out the vast details of a convention of this order. They are determined also that Boston, which has not entertained the Association since 1886, shall give a Convention and an entertainment unequalled in the past and which will be difficult to surpass in the years to come, and genuine Old New England hospitality will be extended to the bankers and their guests who will attend the meeting.

## COMMITTEES OF THE ASSOCIATION.

**A**T the meeting of the Administrative Committee of the Association, held at St. Louis, in January, the two secret committees (the STANDING PROTECTIVE COMMITTEE and the MEMBERSHIP COMMITTEE) were duly appointed for the year. Changes were made in some of the other committees, which now stand as indicated below:

## Agricultural and Financial Development and Education.

George Woodruff, President First National Bank, Joliet, Ill., whose name as an additional member of this committee was suggested at the Detroit Convention, was appointed as the eighth member, the committee otherwise standing as before.

## American Institute of Banking.

This committee is now as follows:

E. D. Hulbert, Vice-President Merchants Loan & Trust Co., Chicago, Ill., Chairman.

J. H. Puelicher, Cashier Marshall & Ilsley Bank, Milwaukee, Wis.

W. G. Edens, Assistant Secretary Central Trust Co. of Illinois, Chicago, Ill.

## Bills of Lading.

This committee stands as re-appointed by the Association at the Detroit Convention.

## Constitutional Revision.

This committee stands as appointed by the Association at the Detroit Convention.

## Currency Commission.

The changes made in this Commission were only those necessitated by the changes made in the Federal Legislative Committee, the members of the Federal Legislative Committee being also members of the Commission.

## Federal Legislative.

This committee now stands as follows:

E. F. Swinney, President First National Bank, Kansas City, Mo., Chairman.

Joseph A. McCord, Vice-President Third National Bank, Atlanta, Ga.

J. F. Sartori, President Security Savings Bank, Los Angeles, Cal.

Levi L. Rue, President Philadelphia National Bank, Philadelphia, Pa.

E. L. Howe, Vice-President Princeton Bank, Princeton, N. J.

## Finance.

This committee is as follows:

## Ex-Officio.

Arthur Reynolds, Vice-President American Bankers Association, Chairman.

J. Fletcher Farrell, Treasurer American Bankers Association.

F. H. Goff, Vice-President Trust Company Section.

J. F. Sartori, Vice-President Savings Bank Section.

John K. Ottley, Vice-President Clearing House Section.

## One-Year Term.

Ledyard Cogswell, President New York State National Bank, Albany, N. Y.

Emory W. Clark, President First National Bank, Detroit, Mich.

## Two-Year Term.

C. G. Hutcheson, Cashier First National Bank, Kansas City, Mo.

James K. Lynch, Vice-President First National Bank, San Francisco, Cal.

## Three-Year Term.

Downie D. Muir, Vice-President First National Bank, Boston, Mass.

W. F. McCaleb, President West Texas Bank & Trust Co., San Antonio, Tex.

## Forms for National and State Banks.

This committee was re-appointed.

## Insurance.

This committee is as follows:

Oliver J. Sands, President American National Bank, Richmond, Va., Chairman.

H. P. Beckwith, Vice-President Northern Trust Co., Fargo, N. Dak.

O. E. Dunlap, President Citizens National Bank, Waxahachie, Tex.

## Law.

This committee is as follows:

Pierre Jay, Vice-President Bank of the Manhattan Co., New York City, Chairman.

J. F. Hagey, Assistant Cashier First National Bank, Chicago, Ill.

I. H. Orr, Trust Officer St. Louis Union Trust Co., St. Louis, Mo.

R. W. Cutler, President Hartford Trust Co., Hartford, Conn.

F. W. Foote, Vice-President First National Bank of Commerce, Hattiesburg, Miss.

Thomas B. Paton, General Counsel American Bankers Association.

## National Councillor, Chamber of Commerce of the United States of America.

Albert D. Graham, Vice-President and Cashier Citizens National Bank, Baltimore, Md.

## Program for Boston Convention, 1913.

This committee stands as appointed by the Executive Council at Detroit.

# TRUST COMPANY SECTION

A N important conference was held on January 21 in the library of the Association by the executive officers of the Section, Mr. William C. Poillon, president, Judge F. H. Goff, vice-president, and Mr. Ralph W. Cutler, chairman of the Executive Committee, together with three members of the Executive Committee, namely, Mr. John W. Platten, president United States Mortgage & Trust Company, Mr. Alexander J. Hemphill, president Guaranty Trust Company, and Mr. E. D. Hulbert, vice-president Merchants Loan & Trust Company, Chicago, Illinois. Mr. Philip S. Babcock, secretary, was not present on account of his illness.

The time and place of the spring meeting of the Executive Council of the Association has not been definitely determined. Consequently the absolute date of the trust company banquet at the Waldorf-Astoria which will be held early in May, could not be fixed. To provide against contingencies, however, reservations covering two dates have been made, and before very long we expect to be able to announce the exact day.

Mr. Thomas B. Paton, general counsel, was present at this conference and explained the skeleton draft of the "Model Trust Company Law" which he had been requested to prepare for consideration at the meeting. The various provisions which it contained were carefully discussed in detail by the members present, and after certain modifications and changes had been made the draft was tentatively approved and it was voted that it should be presented at the spring meeting for consideration by the Executive Committee.

Mr. Cutler, as chairman, made a statement of the progress of the educational publicity campaign, which is being taken up with a great deal of enthusiasm by prominent trust company officials all over the country. It has been proven by experience that the most effective way of securing the co-operation of the newspapers is to have the articles submitted to them directly by the trust company representatives in the different cities. Up to the present time articles have appeared in the prominent papers of

New York	Chicago
Washington	Philadelphia
Baltimore	Hartford
New Orleans	Newark
Louisville	Winston-Salem
Cleveland	Omaha
Detroit	Los Angeles
Kansas City	Springfield, Mass.

More than one hundred complete editions of the entire series of nineteen articles, which have been prepared in "newspaper proof" form, have been sent from the office of the secretary at headquarters in

New York to the members of the Section and other bankers who have applied for them.

Newspaper editors have as a rule manifested willingness to print the articles without expense as occasion and space permitted, and in some instances have requested the members to supply articles at regular stated intervals. The campaign is therefore going forward with promise of increasing success.

It is a well-known fact that the trust companies of the country spend annually hundreds of thousands of dollars in daily newspaper advertising. We consider that it is perfectly consistent and proper, as a return for value already received, to request the newspapers which obtain this advertising patronage to co-operate by printing these articles which exploit effectively the peculiar functions of trust companies, and thereby render regular advertising more effective. At the same time it is also true that the campaign will be eminently successful only when members of the Section make it their business to secure the articles prepared and then submit them with proper explanation to the editors of the representative newspapers in their respective cities.

The executive officers feel strongly that the trust company section can make itself of great value to its members by earnestly and diligently developing this educational campaign.

The psychological moment has arrived—the hard preliminary work is done—the articles are printed and ready for use—and we ask the hearty co-operation of the progressive trust company men everywhere and call on them to put their active efforts into the work and make the long talked of, and much desired educational publicity campaign an unqualified success.

It is distinctly "up to you"!!!

---

The following article—No 19 in the educational publicity campaign—is "topical" at this time of the year, and we would suggest to the members the importance of taking prompt measures to secure its publication in some of their local newspapers.

## GROWTH OF TRUST COMPANIES DURING 1912

### Reflects National Prosperity—Gain One and One-Half Billion Resources in Four Years.

Valuable and instructive information is contained in a book which has just been issued by the United States Mortgage & Trust Company of New York City, entitled "Trust Companies of the United States," which gives complete and reliable statistics regarding the growth and number of trust companies in this

country. The 1912 edition of this volume also presents complete reports of all the trust companies of \*..... and of the State of \*..... In view of the fact that this compilation is published almost simultaneously with the official report of the Comptroller of the Currency regarding the banking power of the nation, some interesting comparisons as to the distribution of banking resources are possible.

It is shown that there are 1,579 trust companies in the United States, which on June 30 last reported combined resources amounting to \$5,490,570,416, being a gain of \$322,037,000 as compared with June 30, 1911, and a gain of over one and a half billion of dollars since 1908, the exact figures being \$1,573,128,060. The comptroller reports a gain in the banking power of the country, including reports from 25,176 banks of all kinds, both national and state, of \$5,403,000,000 since June, 1908. It is of interest to note that while the total banking resources of the nation increased 27.5 per cent. during the past four years, the gain reported by the trust companies alone amounted to 40 per cent. during the same period.

The important role which trust companies hold in American financial and banking development is possibly more clearly illustrated by giving some comparative figures. Fifty years ago there were no more than half a dozen regularly organized trust companies. Twenty-five years ago, in 1887, there were only 120 trust companies in the country with combined resources of \$441,000,000. In 1895 there were 228 trust companies with \$962,000,000 resources. When the United States Mortgage & Trust Company began its annual compilations in 1903, it was shown that there were 912 trust companies with total resources of \$2,910,000,000. On June 30, 1912, as stated above, 1,579 trust companies reported resources of \$5,490,570,416. In nine years, therefore, the trust companies have gained 89 per cent. in banking resources. They now have deposits amounting to \$3,858,355,146, capital of \$468,412,792, surplus and undivided profits of \$572,473,187. In the amount of their surplus and undivided profits the trust companies have a greater aggregate than all the state banks and savings banks of the country combined.

The National Monetary Commission, in its report presented to the United States Senate at the last session, explained the marked growth of trust companies on the ground that they are enabled to offer most valuable and a great variety of facilities to their patrons. The eminent authorities on economical conditions who furnished reports to the National Monetary Commission gave it as their conclusion that the trust companies represent a natural and economic evolution in the American system of finance and banking.

In commenting upon the growth of trust companies during the twelve months ending June 30 last, the following prefatory note appears in the 1912 edition of "Trust Companies of the United States":

"The Record of Trust Company Achievement has never been more strongly marked by constantly increasing evidences of a rare combination of progress-

\*To be filled in locally by members using the article.

iveness and conservatism than during the year ended June 30, 1912.

"More and more clearly has it been shown that the trust company's functions and its opportunities are capable of a legitimate expansion unrealized in former years.

"As a result, the trust companies of the country stand higher to-day than ever before in public confidence, material resources and usefulness to the communities they serve."

#### PROCEEDINGS FOR SALE.

THE Trust Company Section has on hand a number of handsomely bound copies of Proceedings of the Section. Volume one contains the proceedings from 1896 to 1903 inclusive, and volume two the proceedings from 1904 to 1908 inclusive. These two volumes contain many important reports, addresses and discussions on matters of great interest to Trust Company officers and their employees. It is confidently believed that in no other books could so wide a range of Trust Company information be obtained. A great many copies have been sold, but in order to make room for other matter the remaining volumes, as long as they last, will be sold at fifty cents each, postage to be paid by the purchaser. Orders should be sent to the Secretary, who will forward the books promptly.

#### "Trust Company Forms."

The selections cover all departments of the trust company, and it is believed offer practical "forms" for carrying out all of the various banking and trust functions which may fall to the lot of an active company.

The selected forms have been reproduced by photographic process (one-half the original dimensions), bound in full morocco, leather lining, gilt edges, in handsome and durable shape—11 x 14 inches in size—and are for sale to members of the Association for \$15 each, and to non-members at \$20. Some 550 different forms have been reproduced, making a book of 145 pages, fully indexed. Subscriptions may be sent to P. S. Babcock, Secretary Trust Company Section, 5 Nassau street, New York, who will forward book prepaid at once.

#### Special Notice.

It is felt that it will be of much value and interest to the members of the Trust Company Section to have collected in the Secretary's office samples of advertising matter used by trust companies, throughout the country, such as pamphlets, booklets, newspapers, advertisements, etc. Members are therefore requested to send to the Secretary at 5 Nassau street, such advertising matter as they may be using at this time so that they can be arranged in books or filing cabinets and be open to the inspection of trust company members who may call at the Secretary's office in New York.

# SAVINGS BANK SECTION



## REAL PROGRESS.

WE may at last, after months of preliminary effort, report real progress in our educational work, which has as its ultimate end the increased thrift of the Nation and the consequent curtailment of its extravagance. Of course this work is still in its experimental stage, and the fact that actual results may not be apparent for years adds greater force to the encouragement which comes from the knowledge that in twenty-six states our vice-presidents have succeeded in directing thought toward the necessity for this work. As a result the machinery is gradually being started, and we confidently expect that this movement will gain momentum each day until the thriftless and ne'er-do-well will universally be regarded as the human parasites they are, and this great country of ours be so thoroughly entrenched behind the thrift of its citizens, that it will be able to weather any storm, and anarchy and socialism be driven out forever.

"Man's inhumanity to man" seems less real when the unselfish attitude of the bankers who have taken up this work is considered. There can be no immediate return from this effort, but these men have realized that in truth "we best serve ourselves when we best serve others," and that in taking up this work, they are not alone rendering a patriotic service, but are laying a sure foundation for future business, which is bound to accrue to their banks.

However, some of our greatest states are yet to be heard from. It may be that they are waiting for a demonstration of how the work is carried on in other states, and so we give the following record to date:

We are sending monthly to an ever-increasing number of newspapers throughout the country, articles upon Thrift to be published weekly. These articles are unsigned, and may be used by the papers in any way desired, our sole aim being to get the subject matter before the people. Many papers are now publishing these articles, and others are writing in for them, which is most encouraging. If the paper in your town is not publishing them, find out the reason why. It is possible that we have not as yet got it upon our list, but we shall be very glad to place it there.

In Arizona through the efforts of our vice-president, Lloyd B. Christy, cashier the Valley Bank of Phoenix, the school savings bank has been taken up and is in successful operation. From Arkansas our vice-president writes that they have the matter under serious consideration. From California, our vice-president, Joseph D. Radford, vice-president Los Angeles Hibernian Savings Bank, writes that his committee is organizing, and that they hope to present a bill to the state legislature during its present

session, legalizing the school savings bank. A good point. A number of papers in this state are publishing our thrift articles. In Colorado, at least one paper is publishing our matter. In Connecticut, considerable interest has been shown in the work, and your Secretary was invited to present the matter at the annual meeting of the Savings Banks Association of that state, which was done.

Great activity has been displayed in Illinois, through our vice-president, Jos. R. Noel, president North West State Bank, Chicago. His committee is thoroughly organized and has taken up the matter of school savings banks in Chicago, as well as with the state Association. In Indiana some of the papers are using our matter and more activity is promised. Kansas, Kentucky, Maryland and Michigan are also giving the matter some thought, and in Missouri the school banks have been in operation a number of years, and are being gradually extended.

Montana, Ohio, Oklahoma, Oregon and South Carolina have all promised activity in the near future, and in New Jersey, North Dakota, Pennsylvania, Texas, Vermont, Washington and West Virginia, papers are publishing our articles and other good work is being done, notably in North Dakota and New Jersey. In the former the State Bankers' Association is about to undertake a campaign for school savings banks, and in the latter the state authorities are seeking information upon that subject. An endeavor is also being made to secure the passage of a savings bank law in Tennessee, which has never had one.

However, in New York the largest step has been taken up to this time. We have from time to time made various suggestions in connection with this work, principal of which were those relating to the school savings bank, and lectures by bank men to the general public.

The board of education in New York City has already taken up the matter of school savings banks with a committee from the State Savings Bank Association, and it is promised the system will be in practical operation very shortly throughout that city. As a matter of fact it is in successful operation in several schools of the city now, and one of the best systems which has come to our attention is that employed in a Brooklyn school. This system requires no time from other duties either upon the part of teachers or scholars, and we shall try to describe it in detail next month.

The other matter, of lectures by bank men, which we believe equally important, as the best means of reaching the children's parents, was taken up from this office, with the result that Dr. Henry M. Leipziger, Supervisor of Lectures for the Board of Edu-

cation of New York City has offered his hearty co-operation, and will insert into the regular course of free evening lectures, a number of lectures upon Thrift. These lectures are to be delivered in Cooper Institute, and are intended to familiarize the people with the nature and functions of the various aids to thrift offered in their city. Technical terms will be tabooed, and the most simple transaction will be explained in detail. After the lectures, questions will be permitted, and it is felt a new relationship between the banks and the people will be established as a result of these talks.

This co-operation between the greatest educational body of our country and its greatest financial association marks a distinct era in financial history, and in the hope that it may serve as a suggestion and guide to other cities, which may contemplate work along the same lines, we publish herewith the date, lecturer and syllabus of lectures to be delivered during this course.

The complete course is as follows:

March 5. "Thrift, the Commercial Bank as an Aid," by O. Howard Wolfe, Secretary Clearing House Section, American Bankers Association.

Money, what it is and how it is used; the distinction between money and wealth. Surplus wealth, how it arises, how it is used, its relation to the progress of civilization. Credit, what it is, how it is bought and sold. Banks, origin of name, original functions, development, three main kinds of banks in this country. Commercial banks, capital, deposits, note issue, loans, investments and reserve. The use of checks, their convenience, the banking machinery in connection with their use. The commercial bank as an indispensable adjunct to prosperity and progress, why panics are so ruinous, why the commercial bank is dependent upon thrift.

March 12. "Thrift, the Trust Company as an Aid," by Alfred M. Barrett, Treasurer Guardian Trust Co.

Its nature and functions. How it differs from other financial institutions. A perpetual and responsible trustee. Its investments. Its various departments, trust, bond, real estate, savings, foreign. The trust company best serves itself when it best serves the people.

March 19. "Thrift, the Savings Bank as an Aid," by W. E. Knox, comptroller Bowery Savings Bank.

Its nature and functions. What is thrift. Its importance to a nation. Of greatest importance to the individual. The thrifty not miserly. Aids to thrift, savings bank, building and loan association, life insurance company, savings departments in other banks, postal savings bank. Brief history of savings banks in this state. Are mutual banks. How organized. How managed. How deposits are invested, government, county, state and municipal bonds; railroad bonds, real estate bonds and mortgages, loans on collateral in which may invest. What is a bond. What is a bond and mortgage. What is a loan on collateral. Kinds of accounts one may have in a savings bank. The relation between bank and depositor in case of a personal account. Relation in trust account. Relation in

joint account. General procedure in accounts of deceased persons. Inheritance tax. The surplus—a mutual bank's protection. What it is. How accumulated. Notice required on withdrawals an added protection. Interest to depositors. How rate is determined. Expenses of bank—how regulated. Supervision and examination by state. Reports to Department. Savings departments in state banks, national banks and trust companies. Stock institutions—capital and surplus subscribed by stockholders. Organization under state or national laws. Deposits placed in loans and discounts. What are loans and discounts. Dividends to stockholders as well as depositors. Under state or national supervision. Reports. The savings bank the people's bank. Officers should be willing to be consulted regarding investments. Savings account should not be regarded as investment. Investments to be avoided. Reasons for saving and curtailment of extravagance.

March 26. "Thrift, the Insurance Company as an Aid," by William H. Hotchkiss, formerly Superintendent of Insurance, New York state.

Its nature and functions. Mutual and stock companies. Its importance to people of moderate means. Its importance to the community and country at large. Meaning of the principal forms of policies issued. The necessity for thrift and curtailment of extravagance.

April 2. "Thrift, the Savings and Loan Association as an Aid," by A. W. McEwan, Secretary New York State League of Savings and Loan Associations.

Organization. Work accomplished and being accomplished. Opportunities for small and systematic saving. Examples. Advantages of home owning.

April 9. "Thrift, with Especial Reference to Home Ownership," by Francis Jordan, secretary The Thrift, Brooklyn.

Introduction. Thrift is an old virtue, largely routine, homely and never popular, very little romance. Too restricted in popular thought to saving of money; it should include best use of time, strength, mental activity, personal and family efficiency. Its practice would negative many modern complaints. (Illustrate and develop.) Home ownership as a means of personal development. What does the home do for the owner: 1. Adds to his sense of independence and gives his family life the best chance for development. 2. Tends to make him more valuable to the community, increases his interest in civic matters because he has more directly at stake. (Instance such matters as taxes, assessments for local improvement, excise, legislation, tenement house supervision and police.) 3. Should make him worth more to an employer or in his own work because of added stability. (Illustrate.) 4. With good judgment the purchase of a home gives fair prospect of good pecuniary investment. How may a home be secured: 1. By full cash purchase. So few of us can do this it needs no further comment. 2. Purchasing subject to "straight" mortgage. (Explain in detail what a straight mortgage is.) Property may also be purchased subject to 1st and 2d mortgages (straight). Explain in detail advantages, as for instance that as interest only is paid the current cost is compara-

tively easy, but the principal debt remains. Disadvantages. Cost of frequent renewal and possible demand for principal when it is difficult if not impossible to procure it. Notably times like panic of 1907 and explain in detail why. 3. Purchasing subject to an instalment or monthly payment mortgage. Explain in detail what this is. Disadvantage that the current cost is greater than on a straight mortgage because a part of the principal is paid each month. Advantages, the debt is being cancelled in the only way most of us will ever do it; there is only one expense connected with procuring the mortgage; the interest cost is less because this is paid only on the unpaid balance. Conclusion. The great thing is to practice the virtue. Any method is better than none.

April 16. "Thrift, the Postal Savings Bank as an Aid," by John Harsen Rhoades, of Rhoades & Co., Bankers.

Organization. Relation to the banks and public. The savings deposit vs. the small investment.

April 23. "Thrift, Existing 'Loan Shark' Conditions," by Arthur H. Ham, Director Russell Sage Foundation.

History of futile attempts to eradicate the evil by publicity, drastic legislation and campaigns of enforcement. Employees co-operative credit associations. Co-operation as an aid to thrift.

Besides this consecutive course, two other lectures will be delivered in other parts of the city by V. A. Lersner, assistant cashier Williamsburgh Savings Bank of Brooklyn, chairman of the Methods and Systems Committee having in charge this education work; and W. R. Meakle, secretary Paterson Savings Institution, Paterson, N. J., and our vice-president for New Jersey, and also a member of that committee.

This is progress, is it not? Of course, it is experimental, but nothing was ever learned without experiment, and this work is so entirely new that we must learn as we go along. But it is worth while. Rarely does a work present the possibilities that this does—the chance to better everyone's condition and our own at the same time, and the wonder of it is that we have not the unanimous support of all.

#### Work of the Membership Committee.

In characteristic manner, George E. Edwards, president Dollar Savings Bank, New York, and chairman of our Membership Committee, has started something.

After consultation with H. P. Beckwith, treasurer Northern Savings Bank, Fargo, N. D.; Henry Sayler, secretary Citizens Savings Bank, New York; George W. Felter, secretary Greenpoint Savings Bank, Brooklyn, and Wilmer Palmer, president Wilmington Savings Fund Society, Wilmington, Del., members of his committee, Mr. Edwards first ascertained how many non-member banks there were in each state, not confining his investigations to savings banks, however, but proceeding upon the proposition that all banks conducting savings departments are eligible for membership in this section. Mr. Edwards then addressed a letter to each vice-president, stating the number

of non-members in each state, and suggesting that each write a form letter soliciting these memberships which letter may be forwarded to the secretary's office for duplication, addressing and stamping. When complete the letters will then be returned for signature, together with an attractive circular which has been prepared, and application cards.

Apparently the idea has taken hold, for already letters have been prepared for Arkansas, Colorado, Connecticut, Illinois, New Jersey, Oklahoma and Vermont, and each day brings a request for more, showing a lively interest in the association all along the line. Vice-presidents should not delay in this matter. The secretary will gladly prepare a letter and forward for the approval of any vice-president whose other demands will not permit of him taking time to do so. This effort is made as a "follow-up" to the efforts of the General Association after careful planning and with advice of the General Secretary. So let us all get together and push to make this a banner year in the history of the American Bankers Association, for in it we are like members of a huge family, and as long as a member of that family is worthy, we should be "all for one and one for all."

#### WORTHY OF OUR EARNEST CONSIDERATION.

The Southern Commercial Congress, an altruistic and patriotic body, organized for the economic, intellectual and social development of the South, whose motto is "For a Greater Nation Through a Greater South," has undertaken to organize a commission for the study of co-operation in Europe.

This commission was suggested by Mr. David Lubin, permanent delegate of the United States at the International Institute of Agriculture at Rome, when he held a conference with the Southern Commercial Congress in Nashville, Tenn., last April, for the study of European co-operative credit systems.

When this commission returns it is hoped that it will organize a central body with branches in each state for propagating co-operation in every section of the United States.

The commission has received the endorsement of President Taft, the State Department, Congress and the various agricultural and commercial bodies throughout the country.

Each state is asked to send two delegates. The expenses of each delegate will be \$1,200. This money must be provided by the state, either by the Legislature or from the contingent fund of the governor, or by popular subscription. Already a large number of states have provided for their delegates, and several Canadian provinces have asked to send delegates.

In 1909-1910 in Germany alone, through co-operative credit banks, over five billion dollars was borrowed on personal security for constructive purposes at an average of four per cent. interest.

Any one desiring information upon the subject of the commission, or of the International Institute of Agriculture at Rome, should address Dr. Clarence J. Owens, managing director of the Southern Commercial Congress, Southern Building, Washington, D. C.

# CLEARING HOUSE SECTION

## TOTAL BANK TRANSACTIONS.

WE had thought we were familiar with all the shortcomings of bank clearings as an unvarying barometer of trade fluctuations, but it seems we have discovered another one. To recount those which are best known, we have:

(a) Lack of uniformity among clearing houses as to what may be passed through the exchanges.

(b) Method of settlement by the use of managers' checks and borrowing and loaning balances which inflate clearings.

(c) Consolidation of large banks which reduces the total clearings sharply. The organization of new banks has the same effect in the opposite direction.

(d) The practice of adding together both sides of the account and even at times, adding the balances as well.

Upon analyzing the figures that have been submitted for the first three weeks showing total check debits and comparing them with clearings covering the same period, we find that although the two amounts as a whole rise and fall together, the percentages of decrease and increase vary widely. And, curiously enough, in one or two places we find that although clearings may increase, the total of transactions for the same period may decrease, or vice versa. What is the explanation?

The figures of clearings are made up to include Thursday's exchange, while bank debits are for the week ending Wednesday night. This is practically an identical period, because in the majority of cases, Thursday morning's clearings are of Wednesday's business and in any event, that proportion of business which is received Thursday morning and put through the exchanges is counterbalanced by the checks which are charged that day against deposits by the banks instead of being cleared. We believe the variation is due to another quite natural cause, and as we have indicated, tends to affect further the significance of percentage fluctuations.

Let us explain with a concrete example. A large bank in Cincinnati carries, let us say, two accounts in Chicago from which banks it receives a great amount of business for remittance. This total will not vary greatly and in fact may be governed by exact terms in the agreement. The Cincinnati bank remits at regular intervals in large amounts. It will not always draw, however, on the same institution. On two days this week the drafts will go through the clearing house; next week they will go direct to the banks on whom drawn. Now, multiply this one case by the thousand and you see the effect on clearing percentages, having nothing to do with trade volume.

Needless to say total bank transactions are proof

against this weakness just as they are almost entirely unaffected by those enumerated above. We are glad to announce that our members are showing an increased interest and more cities are being added to our original list of those furnishing the figures. The objections we have met with thus far, boiled down, are "What is the use of the new figures and under what obligation are we to furnish them?"

To answer fully would require an economic dissertation which is not within our province at this time, either as to space or time. Suffice it to say—broadly—that all banks in their semi-public capacity are under obligations to furnish the business world with any reasonable statistics that will aid in forecasting trade conditions or price fluctuations. It might be similarly urged by the great gold mines of the world that they did not care to furnish figures showing their output, invaluable economic statistics, on the plea that it would entail extra work.

Fortunately, to collect and furnish the figures showing to what extent checks and drafts are used as substitutes for currency requires no additional bookkeeping whatever and practically no extra calculations. We should be glad to hear from more of our members on this subject.

## THE NUMERICAL SYSTEM.

OUR "exhibit" this month consists of a letter from the Treasury Department at Washington accompanied by a draft form payable by the

### TREASURER OF THE UNITED STATES 15-51

We quote from the letter:

"We are introducing the use of the transit numbers adopted by your Association as rapidly as possible. Most of the checks now issued bear these numbers.

"Respectfully,

"J. N. BAKER,  
Secretary, Treasury Department Committee on  
Economy and Efficiency."

## CLEARING REPORTS UNDER OATH.

W. D. VINCENT, Member of the Executive Committee of this Section, and Secretary-Manager of the Spokane Clearing House, has the courage of his convictions. Mr. Vincent believes, with the vast majority of our members, that there should be nothing uncertain about published reports of clearings. Here is a copy of the card on which the Spokane figures are submitted:

STATE OF WASHINGTON, }  
COUNTY OF SPOKANE, } ss.

W. D. VINCENT, being first duly sworn, deposes

and says: That he is Secretary and Manager of the SPOKANE CLEARING HOUSE ASSOCIATION, that the total Clearings of the Banks (Members of said Association) for the week ending .....191.... include only such amounts as are BROUGHT by the Banks TO the Clearing House, and that all settlements are made in GOLD, GOLD CERTIFICATES and Fractional Silver.  
 Amt. of Clearings for week ending.....191.. \$.....  
 Amt. of Clearings for same week last year \$.....  
 Amt. of Clearings for month of.....191.. \$.....  
 Subscribed and sworn to  
 before me .....191....

.....  
 Sec'y-Manager  
 Spokane Clearing House Assn.

Notary Public in and for the State of Washington. Residing at Spokane.

How many other clearing houses are there who will agree to thus label their figures "Guaranteed under the Pure Food and Drugs Act?"

#### CHARLES J. GRANT.

**I**N the January JOURNAL-BULLETIN there was recorded the death of Chas. J. Grant of Dallas, Texas. It seems fitting to call attention to the services rendered by Mr. Grant to this Section and to note, in his death, the passing of one who was a pioneer in the system of using numbers instead of names in registering transit items. He was one of the transit men who represented Texas at the Conference of Transit Managers in Chicago in 1910, the meeting at which the Universal Numerical System was evolved. Largely through the instrumentality of

Mr. Grant, the Texas banks had already adopted a state-wide system of numbers, and it devolved upon him to have them agree to substitute the new numbers provided under the Universal System. He was successful in this and also in the work of advocating the use of the system throughout the Southwest. The Clearing House Section acknowledges the debt it owes to Mr. Grant's memory and makes this expression of its regret for the untimely closing of the career of a valuable worker and a capable banker.

#### CLEARINGS AND TOTAL DEBITS.

**U**NDER normal conditions, comparison of clearings are truly significant only at yearly intervals, therefore, the percentage of decrease shown by the following figures is interesting only as it relates to the difference in the fluctuations between clearings and total checks. These totals have been taken from the figures available from about a dozen clearing houses. The probable reason for this deviation is explained elsewhere.

##### Week Ending January 9.

Total transactions .....	\$280,186,000
Total clearings .....	101,453,000

##### Week Ending January 16.

Total transactions .....	\$256,503,000	8.45
Total clearings .....	97,091,000	4.30

##### Week Ending January 23.

Total transactions .....	\$230,352,000	10.20
Total clearings .....	86,385,000	11.05
Percentage of Clearings to Total Transactions.		
Weed ending January 9.....	36 + %	
Weed ending January 16.....	38 - %	
Weed ending Januar; 23.....	37 + %	

#### CHECK RAISERS.

**I**N order that the successful operations of that class of criminals known as "check raisers" be reduced to a minimum, we urge all our members to use a reliable check protector and they should advise their customers to do likewise.

Many reports are coming to the Protective Department of this Association of the operations of check raisers. Fortunately, however, very few of our members have been the victims, the loss in nearly every instance falling upon a bank's customer.

In offering this suggestion to our members we wish to emphasize the fact that this Association makes no recommendation as to any particular make or style of check protector to be used.

#### CURRENCY COMMISSION.

**S**OME Eastern papers have announced that the Currency Commission of the American Bankers Association was to meet in Chicago this month. This announcement was not based on fact. Mr. A. B. Hepburn, Chairman of the Currency Commission, is in Europe, and Vice-Chairman James B. Forgan, of Chicago, is in touch with the situation, and when in his judgment and the judgment of other members of the Commission it shall seem advisable that a meeting be held, the Currency Commission will be called together. Without question, if, during the Special Session of Congress, hearings on banking and currency legislation commence, our Currency Commission will be convened.

# STATE SECRETARIES SECTION



## CONVENTIONS TO BE HELD IN 1913.

Feb.	21	Vermont .....	Rutland
May	6-7	Kansas .....	Hutchinson
"	8-10	Alabama .....	Dothan
"	13-15	Texas .....	Galveston
"	16-17	Georgia .....	Macon
"	20-21	Missouri .....	St. Joseph
"	22-24	California .....	San Diego
June	11-12	North Dakota .....	Grand Forks
"	25-26	South Dakota .....	Watertown

## STATE CONVENTIONS.

If the Secretaries of the various State Bankers' Associations will notify this office of the date of their annual conventions as soon as fixed, the same will be published in the JOURNAL-BULLETIN.

## PROTECTIVE WORK OF STATE BANKERS' ASSOCIATIONS.

Montana Bankers' Association,  
Office of the Secretary.

Great Falls, Mont., January 21, 1913.

### BULLETIN NO. 142.

You are advised to be on the lookout for party operating under the name of Chambers, Barlow and Barker, who has been forging numerous checks at Moose Jaw and Lethbridge, Alberta. His procedure is to open an account for a small amount and then issue a number of checks for say eight dollars, which he then has certified and raises to eighty dollars by the addition of the letter "y." Description: Age, 38; height, 5 ft. 8 in.; weight, 155; eyes, gray, shifty and sleepy; nose, thin; sandy hair and mustache; medium build; clothes dark, and wore Masonic fob.

### LOST OR STOLEN.

Certificate of Deposit No. 85, dated November 19, for \$500.00, issued to Theros Markos by Hysham State Bank.

### LOST OR STOLEN.

Certificates of Deposit issued to Carl Jungstrom by Citizens' State Bank, Roundup, No. 800, for \$600.00; No. 801 for \$142.00. The latter certificate is endorsed by payee.

Arkansas Bankers' Association.

Office of the Secretary.

### WARNING!

Little Rock, Ark., January 30, 1913.

At the suggestion of one of our members at Fort Smith, the members of our Association are warned to use exceeding care in any dealings with one J. Peabody, who is alleged to have recently forged the name of one of the customers of the Fort Smith member for a small check, and is said to have also defrauded several of the Fort Smith merchants, particularly of the jewelry trade and hotels. This party is described as follows:

About 32 or 33 years of age, 5 feet 6 inches in height, black hair, slightly gray; round shoulders; of a nervous disposition, evidencing appearance of

addiction to the use of some drug. The party weighs about 125 pounds. When last seen he wore a dark suit and a beaver hat; has the appearance of leading a fast and dissipated life. He is apparently a Jew, having long nose and sharp features and seems to have come from some place in the vicinity of Little Rock or Hot Springs, having come recently from Hot Springs to Fort Smith.

Washington Bankers' Association,  
Office of the Secretary.

### WARNING!

Tacoma, Wash., January 17, 1913.

No. 257—A man representing himself to be M. C. Noonan, succeeded in cashing a forged check at Spangle, Washington, check being dated January 7, 1913, made payable to M. C. Noonan, \$42.50, signed by B. L. Shaw, drawn on the Trader's National Bank, Spokane. Description: Age about 33; light complexion; blue eyes; well built; weight, about 160 pounds; height, 5 feet 10 inches.

No. 258—Within the past few weeks many fraudulent drafts have been cashed in the Southern States on a printed form, on white paper, bearing at the top the name of Procter & Gamble Co., Manufacturers of Ivory Soap; on the left hand of the draft is Expense Acc't, No. ..... State....., and in the lower right hand corner space for signature, .....

Sales Mngr.

The draft thus far seems to have been drawn to the order of either E. A. Davis or J. C. Upshur and signed W. W. Bradford, J. C. Gamble or L. L. Simmons. The man who is operating claims to be a salesman or advertising man either for the Procter & Gamble Co. or Enoch Morgan's Sons Co. He is an imposter and has no connection with either of said companies.

No. 259.—LOST—Time Certificate of Deposit No. 506 for \$50, issued by Farmers State Bank, Reardan, Washington, October 22, 1912, in favor of J. W. McLeod. If presented notify said bank.

No. 260.—DANGEROUS COUNTERFEIT—A most deceptive counterfeit \$5 coin, dated 1910, new issue Indian head has recently made its appearance in San Francisco. Coin is made of low grade gold, assays 655.5 fine; weighs 107 grains or 22 grains less than genuine. It shows a slight discoloration and has a decidedly different ring when compared with the genuine.

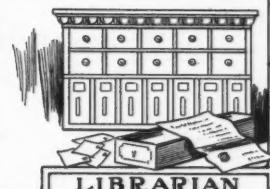
No. 261—Fraudulent checks are being issued in western Idaho and eastern Oregon on the First National Bank of Payette, Idaho, signed J. Stevens, or Pence Brothers, payable to Charles or Carl Stuart, and are endorsed and cashed by Stuart. Stuart's description: Weight, 150 pounds; complexion, very light; wears brown suit; black, low crowned, straight brim hat.

No. 262—A man signing T. M. Forbis, or L. M. Forliss, is issuing checks on Bancroft State Bank, Bancroft, Idaho. No such person is known at the bank. Description: Nearly six feet tall, slim and straight; complexion dark; beard, when allowed to grow, quite gray; weight, 140 to 160 pounds; about middle age; appears as a rule in working clothes; generally wearing red sweater; usually gets acquainted in town and gains confidence by offering to buy out a farm or form a partnership; claims excellent financial backing.

BE ON YOUR GUARD.



# LIBRARY AND REFERENCE DEPARTMENT



MARIAN R. GLENN

LIBRARIAN

## CREDIT.

**A** BRIEF list of references on bank credit is published this month in response to numerous recent requests for information on the subject. Titles marked with an asterisk will be loaned to Association members from the Library. Bankers who have access to the publications of the National Monetary Commission will find a select bibliography on the subject in the volume on the "Use of Credit Instruments," by David Kinley, while further references to articles in the economic and general magazines may be found by consulting the Readers' Guide and Poole's Index to periodical literature at the nearest library. For a study of credit practice in various forms of business there is probably nothing better available than the "Bulletin of the National Association of Credit Men," published monthly at 41 Park Row, New York, and issued yearly in book form.

American Bankers' Association—Report of Committee on Credits, recommending the establishment in New York of a Bureau of Credits. (In Proceedings, p. 94, 1899.)

\*A. B. A.—Credit Information, Committee on. Report. (In A. B. A. Proceedings, p. 195, 1908.) "Analyzing Commercial Borrowers. ("Trust Companies Magazine," July, 1908.)

Ardrey, J. H.—Is the Trouble with Our Currency or Credits? (In Arkansas Bankers' Association Proceedings, p. 113, 1912.)

Atkinson, Edward—Credit the Main Factor in Making Prices. (In A. B. A. Proceedings, Vol. 2, 1890, p. 47.)

"Banking Law Journal"—Opinion of the Supreme Court of Washington, affirming the constitutionality of the act exempting credits from taxation. Vol. 25, 1908, p. 731.

Berry, W. H.—Our System of Bank Credits. (In Pennsylvania Bankers' Association. Proceedings, p. 55, 1906.)

\*Broderick, J. A.—Central Credit Bureau as an Aid to Examiners. ("Chicago Banker," October 5, 1912.)

\*Caldwell, G. B.—Bank Credits—secured and unsecured. (In Washington Bankers' Association. Proceedings, p. 182, 1909.)

Cannon, J. G.—Bank Credits. (In "Banking Law Journal," 1893.)

Cannon, J. G.—Bank Credits. (In "Bankers' Magazine," Vol. 70, 1905, p. 586.) Also included in Hull's Practical Problems in Banking and Currency.

Cannon, J. G.—Bank Credits. (In New Jersey Bankers' Association. Proceedings, p. 21, 1905.) Clews, Henry—The Value of Credit. (In "Moody's Magazine," Vol. 6, 1908, p. 282.)

Coman, E. T.—The Basis of Credit with Particular Reference to the Northwest. (In Montana Bankers' Association. Proceedings, p. 19, 1909.)

Conant, C. A.—The Elements of Credit. (In Bankers' Magazine," Vol. 68, 1904, p. 186.)

\*Conant, C. A.—Exchange of Credit Information Between Banks. (In New Jersey Bankers' Association. Proceedings, p. 47, 1909.)

England, M. T.—Statistical Inquiry Into the Influence of Credit Upon the Level of Prices. (Nebraska University Studies, 1907.)

English Institute of Bankers—The Nature and the Utility of Bank Credit. (In Journal, Vol. 18, 1897, p. 16.)

Flynn, S. R.—A Twentieth Century Credit System. (In Michigan Bankers' Association. Proceedings, p. 28, 1901.)

Forgan, D. R.—Character and Credit. (In "Chicago Banker," Vol. 4, 1900, p. 160.)

Forgan, D. R.—Credit. (In Nebraska Bankers' Association. Proceedings, p. 152, 1906.)

Graves, H. T.—The Evil Results of Too Much Credit. (In North Dakota Bankers' Association. Proceedings, p. 84, 1911.)

Hague, George—The Abuse of Credits. (In "Bankers' Magazine," Vol. 18, 1883-'84, p. 125.)

Hardy, Caldwell—Loaning a Bank's Money. (In "Chicago Banker," Vol. 2, 1899, p. 286.)

Hirst, Francis Wrigley—The Credit of Nations. "National Monetary Commission," publication.

\*Hovey, W. T.—Science of Bank Credit. "Coast Banker," November, 1911.

\*Ireton, R. E.—Credit Functions of Banks. (In "Commercial West," February 24, 1912.)

Kinley, David—The Use of Credit Instruments in Payments in the United States. "National Monetary Commission," publication.

\*Kniffin, W. H., Jr.—The Essentials in Granting Credit. (In "Bankers' Magazine," Vol. 33, 1911, p. 419.)

Leathers, J. H.—Is a Credit Bureau Feasible Among Bankers? (In A. B. A. Proceedings, p. 86, 1897.)

Lynch, J. K.—Credit, Money, and Credit-Money. (In Colorado Bankers' Association. Proceedings, p. 54, 1911.)

\*McAdow, F. H.—Banking and Commercial Credits. (In Wisconsin Bankers' Association. Proceedings, p. 173, 1910.)

McClarty, Clinton—The Banker's Credit Liability Association of Louisville, Ky. (In A. B. A. Proceedings, Vol. 1, 1885, p. 116.)

McLane, W. F.—Whom to Trust. (In South Dakota Bankers' Association. Proceedings, p. 59, 1910.)

McPherson, Smith—Credits Given by Bankers. (In Iowa Bankers' Association. Proceedings, p. 34, 1898.)

Martine, J. C.—Bank Credit; Its Character and Uses. (In "Bankers' Magazine," Vol. 70, 1905, p. 592.)

Martine, J. C.—Bank Credit; Its Character and Uses. (In "Trust Companies Magazine," Vol. 2, 1905, p. 366.)

\*Norris, F. L.—Comprehensive System of Credits. (In "Banker and Investor Magazine," October, 1911.)

\*Parker, H. W.—The Credit Man of the Bank. (Pamphlet.)

Prendergast, W. A.—Credit and Its Uses. 1906. (Book.) Prendergast, W. A.—Credit as a Factor in Civilization. (In Pennsylvania Bankers' Association. Proceedings, p. 54, 1904.)

Prendergast, W. A.—The Utility and Power of Credit. (In North Carolina Bankers' Association. Proceedings, p. 66, 1906.)

\*Puelicher, J. H.—Credits. (In "Wisconsin Banker," July, 1910.)

Roe, L. N.—The Granting of Credit. (In "Bankers' Magazine," Vol. 83, 1911, p. 602.)

- \*Rouse, J. J.—Country Bank Credits. ("Chicago Banker," September 16, 1911.)
- \*Smylie, R. W.—Bad and Doubtful Debts; Earnings and Competitions. (In Michigan Bankers' Association, Proceedings, p. 44, 1900.)
- Spangler, J. W.—Address Before Seattle Chapter, American Institute of Banking. (In "Bankers' Magazine," Vol. 80, 1910, p. 672.)
- Steele, Wesley—Bank Credit and Its Relation to Prices. (In "Bankers' Magazine," Vol. 80, 1910, p. 928.)
- Stevenson, C. W.—Corporations as Borrowers. (In "Bankers' Magazine," Vol. 77, 1908, p. 853.)
- \*Stevenson, C. W.—Money Versus Credit in Business. (In "Rand-McNally Bankers' Monthly," September, 1911.)
- \*Wheeler, H. A.—Sources of Credit Information. (Pamphlet.)
- Williams, H. W.—Money and Bank Credits in the United States. (American Academy of Political and Social Science, Publications, 1895.)
- Wilson, W. A.—Address before West Virginia Bankers' Association. (In "Banking Law Journal," Vol. 17, 1900, p. 505.)
- Woods, E. A.—The Use of Life Insurance in Bank Credit. (In Pennsylvania Bankers' Association, Proceedings, p. 54, 1912.)
- Wright, B. C.—Bankers as Conservators of Credit. (In Washington Bankers' Association, Proceedings, p. 36, 1903.)
- Yale, Frank W.—Credits. (In Kansas Bankers' Association, Proceedings, p. 69, 1904.)

#### Credit Department.

- Beatty, H. M.—The Benefits of a Credit Department. (In Wyoming Bankers' Association, Proceedings, p. 23, 1910.)
- Cannon, J. G.—Uniform Statement Blanks and Credit Department Methods. (In A. B. A. Proceedings, p. 170, 1899.)
- Cannon, J. G.—Uniform Statement Blanks and Credit Department Methods. (In "Chicago Banker," Vol. 3, 1899, p. 25.)
- \*Conover, S. S.—The Credit Man in a Bank. (In "Banking Law Journal," Vol. 23, 1906, p. 309.)
- Frost, G. E.—The Bank Credit Man. (In "Banking Law Journal," Vol. 25, 1908, p. 725.)
- Ingle, William—The Credit Department. (In Maryland Bankers' Association, Proceedings, p. 73, 1904.)

- \*Jenkins, B. L.—The Credit Department of a County Bank. (In Washington Bankers' Association, Proceedings, p. 168, 1910.)
- Lynch, J. K.—The Credit Department. (In California Bankers' Association, Proceedings, p. 101, 1907.)
- Rosendale, W. M.—Credit Department Methods. (In "Bankers' Magazine," Vol. 76, 1908, p. 183.)
- Rosendale, W. M.—Loan Department Methods. (In "Bankers' Magazine," Vol. 78, 1909, p. 250.)
- Rulla, F. C.—The Credit Department of the County Bank. (In Nebraska Bankers' Association, Proceedings, p. 146, 1910.)
- Tickner, G. L.—A Credit Ledger. (In "Bankers' Magazine," Vol. 70, 1905, p. 741; Vol. 71, 1905, pp. 65, 223.)

#### Recent Additions to the Library.

Mr. Virgil M. Harris of the Mercantile Trust Company, St. Louis, has sent to the Library a copy of his interesting book on "Ancient, Curious and Famous Wills."

Bankers will find useful for ready reference or for their customers the 1913 edition of the twenty-five-cent Business Almanac and Investor's Guide, published by Doubleday, Page & Company, containing besides investment tables, statistical charts, etc., a popular explanation of the various types of securities and the "life story of a bond."

The theory and practice of rate-making and the history of regulation is brought practically down to date in W. Z. Ripley's new book on "Railroads," published by Longmans, Greene & Company. The summary and analysis of rate legislation will prove especially useful to business men interested in the subject who can save time and effort in securing from widely scattered sources the facts and figures compiled in this volume. It is well indexed, and will be followed by a second volume covering railroad finance and corporate relations.

#### A. B. A. MORTUARY RECORD REPORTED DURING JANUARY.

- Behrends, Benjamin R.—President Bank of Hartsburg, Hartsburg, Ill.
- Bright, H. A.—Vice-President First National Bank, Black River Falls, Wis.
- Chase, William D.—Founder and First President of the North Side Bank, Brooklyn, N. Y.
- Dougherty, Nolan S.—President Louisiana National Bank, Baton Rouge, La.
- Follett, Denis—President First National Bank, Hastings, Minn.
- Garrison, L. O.—Vice-President Peoples State Bank, Thorp, Wis.
- Hamilton, James P.—President Worcester National Bank, Worcester, Mass.
- Hammock, P. H.—Vice-President Citizens National Bank, Abilene, Texas.
- Isaacs, J. F.—Vice-President First National Bank, Eldorado, Texas.
- Kamne, Jacob—President First National Bank, Astoria, Oregon.
- Lammert, Martin—Founder of the German-American Bank, St. Louis, Mo.
- Marasco, Rocco M.—Vice-President Italian Savings Bank, New York City.
- Miner, Anson B.—Cashier Miners National Bank, Ishpeming, Mich.
- Peck, George—President Michigan Savings Bank, Detroit, Mich.
- Phlegar, Archer A.—President Bank of Christiansburg, Christiansburg, Va.
- Torney, Julius L.—President Milwaukee Savings Bank, Milwaukee, Wis.
- Tripp, Thomas B.—President First National Bank, New Bedford, Mass.
- White, Alexander B.—Cashier Commercial Bank, Paris, Tenn.
- Wilson, John—President First Savings Bank, Reinbeck, Iowa.

# JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

DEVOTED TO THE SCIENCE OF BANKING AND FINANCE

Vol. 5

FEBRUARY, 1913

No. 8

FRED. E. FARNSWORTH, PUBLISHER,  
General Secretary American Bankers Association.

THOMAS B. PATON, EDITOR,  
General Counsel American Bankers Association.

W. W. WAINE, ASSOCIATE EDITOR.

## BANKING AND CURRENCY LEGISLATION.

THE interest centering in the general election, the election itself, and the outcome of the same, and now the inauguration of a Democrat as President, with a Senate and House of the same party, have forced banking and currency legislation temporarily into the background.

The plan of the National Monetary Commission, or the "Aldrich Plan," so-called, and which was formulated into a bill by the National Monetary Commission and introduced into the House last Winter, will, without doubt, regardless of the great merit of the measure, now be sidetracked, for it seems to be an unwritten rule that great measures of this nature which may emanate from a dominant party will not be considered by the opposite party when in power.

In the meantime, educational work has been going on throughout the country, and there has never been a time when the commercial and banking interests of the land have been so thoroughly aroused as to the necessity for advanced banking and currency legislation as they are at present.

President-elect Wilson has gone on record in expressing the opinion that he considers banking and currency legislation an all-important question, demanding early action by Congress, and it is conceded that he will encourage, if not insist upon, the Banking and Currency Committee of the House and the Finance Committee of the Senate taking up this momentous question at the Special Session to be held after the inauguration.

A large number of banking and currency bills have already been presented to the House during the present session and many of them embody the strongest points of the National Reserve Association bill.

At the convention of the American Bankers Association held in Detroit in September last, while the Association was on record as having previously endorsed the so-called "Aldrich plan," its Currency Commission, anticipating the possibility of a change of administration, presented to the Convention a report and also the following resolution, which was unanimously adopted:

"In order that the position of the American Bankers Association, as to the reform of our financial

and banking system, may be fairly understood and correctly placed before the public, be it

"RESOLVED, That this Association will co-operate with any and all people, in devising a financial system for this country, which shall place us on a par with the other great commercial and competing nations—a system which shall give to the American people, all classes and conditions, the financial facilities and industrial advantages to which they are entitled."

This resolution puts the Association on record as favoring any advanced banking and currency legislation that can or will in any way be adapted to the wants of this country.

The Banking and Currency Sub-Committee of the House, of which Congressman Glass is chairman, has already begun hearings. Members of the Currency Commission of the American Bankers Association have been invited to testify at these hearings, and when the proper time arrives the Currency Commission as well as the Association will be back of the most strenuous forward movement, and will, without question, be an important factor in framing proper legislation on the subject.

## SPRING MEETING OF THE EXECUTIVE COUNCIL.

AT the meeting of the Administrative Committee of the Association, held at St. Louis, in January, the date for the Spring Meeting of the Executive Council was temporarily held open and has recently been definitely fixed for the week beginning May 5, 1913. The place for holding the meeting was left to a vote of the members of the Council. Notice to the members will be sent out from the New York offices of the Association in the near future, and they will be requested to express their preferences as to the place, choosing between Hot Springs, Virginia, Atlantic City, New Jersey, and Briarcliff Manor, New York, each member naming his first, second and third choice, and the place receiving the highest number of votes will be selected.

# LEGAL NOTES AND OPINIONS

THOMAS B. PATON · GENERAL COUNSEL

## THE UNIFORM NEGOTIABLE INSTRUMENTS ACT.

THE Uniform Negotiable Instruments Act has been passed in forty States and jurisdictions as follows:

1897	New York	1903	Idaho
	Connecticut		Montana
	Colorado	1904	Kentucky
	Florida		Louisiana
1898	Massachusetts	1905	Kansas
	Maryland		Wyoming
	Virginia		Missouri
	Rhode Island		Michigan
1899	Tennessee		Nebraska
	North Carolina	1907	New Mexico
	Wisconsin		West Virginia
	North Dakota		Illinois
	Utah		Nevada
	Oregon		Hawaii
	Washington		Alabama
	Dist. of Columbia	1909	New Hampshire
1901	Pennsylvania		Oklahoma
	Arizona	1911	Delaware
1902	Ohio		Philippines
	New Jersey		
	Iowa		

It has not yet been enacted in eleven States, one Territory, one Insular and one Isthmian Possession, as follows:

1. Arkansas	8. South Carolina
2. California	9. South Dakota
3. Georgia	10. Texas
4. Indiana	11. Vermont
5. Maine	12. Alaska
6. Minnesota	13. Porto Rico
7. Mississippi	14. Panama Canal Zone.

This Act in less than two hundred sections codifies the main rules of the law merchant governing bills, notes and checks which must elsewhere be found, in conflicting and uncertain form, in the pages of reports of over 20,000 cases decided by the courts in various States of this country in the last one hundred years and in a number of non-uniform statutory enactments regulating particular phases of the subject.

The following divisions, subdivisions and section headings of the Uniform Act will indicate its scope:

### TITLE I.

#### NEGOTIABLE INSTRUMENTS IN GENERAL.

##### ARTICLE I.

###### FORM AND INTERPRETATION.

- Sec. 1.—(Form of Negotiable Instrument.)
- Sec. 2.—(Certainty as to Sum; What Constitutes.)
- Sec. 3.—(When Promise is Unconditional.)
- Sec. 4.—(Determinable Future Time; What Constitutes.)

- Sec. 5.—(Additional Provisions Not Affecting Negotiability.)
- Sec. 6.—(Omissions; Seal; Particular Money.)
- Sec. 7.—(When Payable on Demand.)
- Sec. 8.—(When Payable to Order.)
- Sec. 9.—(When Payable to Bearer.)
- Sec. 10.—(Terms When Sufficient.)
- Sec. 11.—(Date, Presumption as to.)
- Sec. 12.—(Ante-Dated and Post-Dated.)
- Sec. 13.—(When Date May be Inserted.)
- Sec. 14.—(Blanks; When May be Filled.)
- Sec. 15.—(Incomplete Instrument Not Delivered.)
- Sec. 16.—(Delivery; When Effectual; When Presumed.)
- Sec. 17.—(Construction Where Instrument is Ambiguous.)
- Sec. 18.—(Liability of Person Signing in Trade or Assumed Name.)
- Sec. 19.—(Signature by Agent; Authority; How Shown.)
- Sec. 20.—(Liability of Person Signing as Agent, Etc.)
- Sec. 21.—(Signature by Procuration; Effect of.)
- Sec. 22.—(Effect of Indorsement by Infant or Corporation.)
- Sec. 23.—(Forged Signature; Effect of.)

### ARTICLE II.

#### CONSIDERATION.

- Sec. 24.—(Presumption of Consideration.)
- Sec. 25.—(Consideration, What Constitutes.)
- Sec. 26.—(What Constitutes Holder for Value.)
- Sec. 27.—(When Lien on Instrument Constitutes Holder for Value.)
- Sec. 28.—(Effect of Want of Consideration.)
- Sec. 29.—(Liability of Accommodation Party.)

### ARTICLE III.

#### NEGOTIATION.

- Sec. 30.—(What Constitutes Negotiation.)
- Sec. 31.—(Indorsement; How Made.)
- Sec. 32.—(Indorsement Must be of Entire Instrument.)
- Sec. 33.—(Kinds of Indorsement.)
- Sec. 34.—(Special Indorsement; Indorsement in Blank.)
- Sec. 35.—(Blank Indorsement; How Changed to Special Indorsement.)
- Sec. 36.—(When Indorsement Restrictive.)
- Sec. 37.—(Effect of Restricting Indorsement; Rights of Indorsee.)
- Sec. 38.—(Qualified Indorsement.)
- Sec. 39.—(Conditional Indorsement.)
- Sec. 40.—(Indorsement of Instrument Payable to Bearer.)
- Sec. 41.—(Indorsement Where Payable to Two or More Persons.)
- Sec. 42.—(Effect of Instrument Drawn or Indorsed to a Person as Cashier.)
- Sec. 43.—(Indorsement Where Name is Misspelled, Etc.)
- Sec. 44.—(Indorsement in Representative Capacity.)
- Sec. 45.—(Time of Indorsement; Presumption.)
- Sec. 46.—(Place of Indorsement; Presumption.)
- Sec. 47.—(Continuation of Negotiable Character.)
- Sec. 48.—(Striking Out Indorsement.)
- Sec. 49.—(Transfer Without Indorsement; Effect of.)
- Sec. 50.—(When Prior Party May Negotiate Instrument.)

### ARTICLE IV.

#### RIGHTS OF THE HOLDER.

- Sec. 51.—(Right of Holder to Sue; Payment.)
- Sec. 52.—(What Constitutes a Holder in Due Course.)
- Sec. 53.—(When Person Not Deemed Holder in Due Course.)
- Sec. 54.—(Notice Before Full Amount Paid.)

Sec. 55.—(When Title Defective.)  
 Sec. 56.—(What Constitutes Notice of Defect.)  
 Sec. 57.—(Rights of Holder in Due Course.)  
 Sec. 58.—(When Subject to Original Defenses.)  
 Sec. 59.—(Who Deemed Holder in Due Course.)

#### ARTICLE V. LIABILITIES OF PARTIES.

Sec. 60.—(Liability of Maker.)  
 Sec. 61.—(Liability of Drawer.)  
 Sec. 62.—(Liability of Acceptor.)  
 Sec. 63.—(When Person Deemed Indorser.)  
 Sec. 64.—(Liability of Irregular Indorser.)  
 Sec. 65.—(Warranty Where Negotiation by Delivery, Etc.)  
 Sec. 66.—(Liability of General Indorser.)  
 Sec. 67.—(Liability of Indorser Where Paper Negotiable by Delivery.)  
 Sec. 68.—(Order in Which Indorsers Are Liable.)  
 Sec. 69.—(Liability of an Agent or Broker.)

#### ARTICLE VI. PRESENTMENT FOR PAYMENT.

Sec. 70.—(Effect of Want of Demand on Principal Debtor.)  
 Sec. 71.—(Presentment Where Instrument is Not Payable on Demand and Where Payable on Demand.)  
 Sec. 72.—(What Constitutes a Sufficient Presentment.)  
 Sec. 73.—(Place of Presentment.)  
 Sec. 74.—(Instrument Must be Exhibited.)  
 Sec. 75.—(Presentment Where Instrument Payable at Bank.)  
 Sec. 76.—(Presentment Where Principal Debtor is Dead.)  
 Sec. 77.—(Presentment to Persons Liable as Partners.)  
 Sec. 78.—(Presentment to Joint Debtors.)  
 Sec. 79.—(When Presentment Not Required to Charge the Drawer.)  
 Sec. 80.—(When Presentment Not Required to Charge the Indorser.)  
 Sec. 81.—(When Delay in Making Presentment is Excused.)  
 Sec. 82.—(When Presentment May be Dispensed With.)  
 Sec. 83.—(When Instrument Dishonored by Non-Payment.)  
 Sec. 84.—(Liability of Person Secondarily Liable, When Instrument Dishonored.)  
 Sec. 85.—(Time of Maturity.)  
 Sec. 86.—(Time; How Computed.)  
 Sec. 87.—(Rule Where Instrument Payable at Bank.)  
 Sec. 88.—(What Constitutes Payment in Due Course.)

#### ARTICLE VII.

##### NOTICE OF DISHONOR.

Sec. 89.—(To Whom Notice of Dishonor Must be Given.)  
 Sec. 90.—(By Whom Given.)  
 Sec. 91.—(Notice Given by Agent.)  
 Sec. 92.—(Effect of Notice Given on Behalf of Holder.)  
 Sec. 93.—(Effect Where Notice is Given by Party Entitled Thereto.)  
 Sec. 94.—(When Agent May Give Notice.)  
 Sec. 95.—(When Notice Sufficient.)  
 Sec. 96.—(Form of Notice.)  
 Sec. 97.—(To Whom Notice May be Given.)  
 Sec. 98.—(Notice Where Party is Dead.)  
 Sec. 99.—(Notice to Partners.)  
 Sec. 100.—(Notice to Persons Jointly Liable.)  
 Sec. 101.—(Notice to Bankrupt.)  
 Sec. 102.—(Time Within Which Notice Must be Given.)  
 Sec. 103.—(Where Parties Reside in Same Place.)  
 Sec. 104.—(Where Parties Reside in Different Places.)  
 Sec. 105.—(When Sender Deemed to Have Given Due Notice.)  
 Sec. 106.—(Deposit in Post-Office; What Constitutes.)  
 Sec. 107.—(Notice to Subsequent Party; Time of.)  
 Sec. 108.—(Where Notice Must be Sent.)  
 Sec. 109.—(Waiver of Notice.)  
 Sec. 110.—(Whom Affected by Waiver.)  
 Sec. 111.—(Waiver of Protest.)  
 Sec. 112.—(When Notice is Dispensed With.)  
 Sec. 113.—(Delay in Giving Notice; How Excused.)

Sec. 114.—(When Notice Need Not be Given to Drawer.)  
 Sec. 115.—(When Notice Need Not be Given to Indorser.)  
 Sec. 116.—(Notice of Non-Payment Where Acceptance Refused.)  
 Sec. 117.—(Effect of Omission to Give Notice of Non-Acceptance.)  
 Sec. 118.—(When Protest Need Not be Made; When Must be Made.)

#### ARTICLE VIII.

##### DISCHARGE OF NEGOTIABLE INSTRUMENTS.

Sec. 119.—(Instrument; How Discharged.)  
 Sec. 120.—(When Persons Secondarily Liable on, Discharged.)  
 Sec. 121.—(Right of Party Who Discharges Instrument.)  
 Sec. 122.—(Renunciation by Holder.)  
 Sec. 123.—(Cancellation; Unintentional; Burden of Proof.)  
 Sec. 124.—(Alteration of Instrument; Effect of.)  
 Sec. 125.—(What Constitutes a Material Alteration.)

#### TITLE II. BILLS OF EXCHANGE.

##### ARTICLE I. FORM AND INTERPRETATION.

Sec. 126.—(Bill of Exchange Defined.)  
 Sec. 127.—(Bill Not an Assignment of Funds in Hands of Drawee.)  
 Sec. 128.—(Bill Addressed to More Than One Drawee.)  
 Sec. 129.—(Inland and Foreign Bills of Exchange.)  
 Sec. 130.—(When Bill May be Treated as Promissory Note.)  
 Sec. 131.—(Referee in Case of Need.)

##### ARTICLE II.

##### ACCEPTANCE.

Sec. 132.—(Acceptance; How Made, Etc.)  
 Sec. 133.—(Holder Entitled to Acceptance on Face of Bill.)  
 Sec. 134.—(Acceptance by Separate Instrument.)  
 Sec. 135.—(Promise to Accept; When Equivalent to Acceptance.)  
 Sec. 136.—(Time Allowed Drawee to Accept.)  
 Sec. 137.—(Liability of Drawee Retaining or Destroying Bill.)  
 Sec. 138.—(Acceptance of Incomplete Bill.)  
 Sec. 139.—(Kinds of Acceptances.)  
 Sec. 140.—(What Constitutes a General Acceptance.)  
 Sec. 141.—(Qualified Acceptance.)  
 Sec. 142.—(Rights of Parties as to Qualified Acceptance.)

##### ARTICLE III.

##### PRESSENTMENT FOR ACCEPTANCE.

Sec. 143.—(When Presentment for Acceptance Must be Made.)  
 Sec. 144.—(When Failure to Present Releases Drawer and Indorser.)  
 Sec. 145.—(Presentment; How Made.)  
 Sec. 146.—(On What Days Presentment May be Made.)  
 Sec. 147.—(Presentment Where Time is Insufficient.)  
 Sec. 148.—(Where Presentment is Excused.)  
 Sec. 149.—(When Dishonored by Non-Acceptance.)  
 Sec. 150.—(Duty of Holder Where Bill Not Accepted.)  
 Sec. 151.—(Rights of Holder Where Bill Not Accepted.)

##### ARTICLE IV.

##### PROTEST.

Sec. 152.—(In What Cases Protest Necessary.)  
 Sec. 153.—(Protest; How Made.)  
 Sec. 154.—(Protest; by Whom Made.)  
 Sec. 155.—(Protest; When to be Made.)  
 Sec. 156.—(Protest; Where Made.)  
 Sec. 157.—(Protest Both for Non-Acceptance and Non-Payment.)  
 Sec. 158.—(Protest Before Maturity Where Acceptor Insolvent.)  
 Sec. 159.—(When Protest Dispensed With.)  
 Sec. 160.—(Protest Where Bill is Lost, Etc.)

## ARTICLE V.

## ACCEPTANCE FOR HONOR.

- Sec. 161.—(When Bill May be Accepted for Honor.)
- Sec. 162.—(Acceptance for Honor; How Made.)
- Sec. 163.—(When Deemed to be an Acceptance for Honor of the Drawer.)
- Sec. 164.—(Liability of the Acceptor for Honor.)
- Sec. 165.—(Agreement of Acceptor for Honor.)
- Sec. 166.—(Maturity of Bill Payable After Sight; Accepted for Honor.)
- Sec. 167.—(Protest of Bill Accepted for Honor, Etc.)
- Sec. 168.—(Presentment for Payment to Acceptor for Honor; How Made.)
- Sec. 169.—(When Delay in Making Presentment is Excused.)
- Sec. 170.—(Dishonor of Bill by Acceptor for Honor.)

## ARTICLE VI.

## PAYMENT FOR HONOR.

- Sec. 171.—(Who May Make Payment for Honor.)
- Sec. 172.—(Payment for Honor; How Made.)
- Sec. 173.—(Declaration Before Payment for Honor.)
- Sec. 174.—(Preference of Parties Offering to Pay for Honor.)
- Sec. 175.—(Effect on Subsequent Parties Where Bill is Paid for Honor.)
- Sec. 176.—(Where Holder Refuses to Receive Payment Supra Protest.)
- Sec. 177.—(Rights of Payer for Honor.)

## ARTICLE VII.

## BILLS IN A SET.

- Sec. 178.—(Bills in Sets Constitute One Bill.)
- Sec. 179.—(Right of Holders Where Different Parts Are Negotiated.)
- Sec. 180.—(Liability of Holder Who Indorses Two or More Parts of a Set to Different Persons.)
- Sec. 181.—(Acceptance of Bills Drawn in Sets.)
- Sec. 182.—(Payment by Acceptor of Bills Drawn in Sets.)
- Sec. 183.—(Effect of Discharging One of a Set.)

## TITLE III.

## PROMISSORY NOTES AND CHECKS.

## ARTICLE I.

- Sec. 184.—(Promissory Note Defined.)
- Sec. 185.—(Check Defined.)
- Sec. 186.—(Within What Time a Check Must be Presented.)
- Sec. 187.—(Certification of Check; Effect of.)
- Sec. 188.—(Effect Where the Holder of Check Procures It to be Certified.)
- Sec. 189.—(When Check Operates as an Assignment.)

## TITLE IV.

## GENERAL PROVISIONS.

## ARTICLE I.

- Sec. 190.—(Short Title.)
- Sec. 191.—(Definitions and Meaning of Terms.)
- Sec. 192.—(Person Primarily Liable on Instrument.)
- Sec. 193.—(Reasonable Time, What Constitutes.)
- Sec. 194.—(Time, How Computed; When Last Day Falls on Holiday.)
- Sec. 195.—(Application of Chapter.)
- Sec. 196.—(Cases Not Provided for in Act.)
- Sec. 197.—(Repeals.)
- Sec. 198.—(Time When Act Takes Effect.)

The pioneer codification of the law of bills and notes in English speaking countries took place in Great Britain. At the instance of the Associated Chambers of Commerce of England, including the Institute of Bankers, Hon. M. D. Chalmers, an English barrister, prepared a draft which after discussion and amendment passed both Houses of Parliament and became a law in 1882, known as the English Bills of Exchange Act. Since that time it has been adopted

in more than forty of the English Colonies and dependencies.

In the United States in 1895, the body of lawyers known as the Commissioners on Uniform State Laws, appointed pursuant to law by the Governors of the different States to meet in annual conference and recommend subjects of legislation for uniform state enactment, employed Mr. John J. Crawford of New York to draft a bill which after being submitted to wide criticism and suggestions of prominent lawyers, law professors and American and English judges, was discussed section by section at the Annual Conference in 1896, amended, adopted and recommended to the various States for uniform enactment.

The Uniform Negotiable Instruments Act, therefore, originated with the bar of the country and it has had the active support of the banking and commercial interests. Mr. Justice Spear of the Supreme Court of Ohio, speaking of the law as enacted in that State (*Rockfield v. First National Bank of Springfield*, 77 Ohio St. 311, at pp. 329-331), said: "It is so much a matter of common knowledge as to make it proper to take judicial notice of the fact, that the Act herein considered was enacted because of an effort on the part of the bar of many, if not all of the States of the Union, to bring about a uniform system of law respecting negotiable instruments. \* \* \* That this purpose was prominent in the minds of the members of our General Assembly in the enactment of the Ohio Act is shown by the title of the Act itself which is: 'An Act to establish a law uniform with the laws of other States on negotiable instruments.' The desirability of such legislation had been long felt by commercial people of our State as well as by the judiciary and the bar at large. \* \* \* The purpose of the Act is to bring Ohio into harmony with the other States of the Union on so important a branch of the law as the relation of parties to commercial paper."

The great need in this country for a uniform set of rules as provided by this Act is self-evident. The country is commercially one. Our actual money—coin and paper—which is regulated by Congress, is uniform in value and governed by one law the country over. The bill, the note and the check, on the other hand, which are substitutes for actual money and which have so large an interstate use, are governed by the laws of the respective States. In proportion to actual money, such substitutes are used over nine times to one as a medium of payment or settlement of wholesale transactions and also to a very large extent in retail payments. The bank check is a more safe and convenient method of payment in any required denomination and fraction while the time promissory note and accepted time draft, mediums of deferred payment and used where credit is given, perform functions which are impossible with actual money. How necessary is it, therefore, that the States should all unite in providing uniform rules governing the validity, negotiability and legal effect of these substitutes for money, which pass in such vast volume throughout the country, regardless of State lines, and not impair their usefulness and cause loss to the holders by maintaining conflicting laws or permitting their laws to remain uncertain on many vital points.

The advantages provided the people of a State by having the Negotiable Instruments Act are, briefly:

1. Uniformity with the laws of other States on a subject where uniformity is highly essential.
2. A better currency and market abroad for paper issued and payable in the State. The purchaser abroad can more readily determine its validity and negotiability if governed by the Negotiable Instruments Act than if subject to some peculiar State law with which he is not familiar. The merchant in the State who buys on credit in another State can more readily effect his transaction if the paper which he gives in payment is governed by the Negotiable Instruments Act.
3. A better market at home for negotiable paper. The banker will more readily purchase or discount paper governed by the Negotiable Instruments Act than a note or bill containing some provision which is made negotiable by that Act but of uncertain negotiability under the law merchant.
4. The Negotiable Instruments Act provides the banker, merchant and business man with a code of rules, readily accessible for reference, governing the bills, notes and checks in which he deals, thereby removing many of the doubts and vexations which arise in the handling of paper of uncertain negotiability.
5. The enactment of this law in any State saves to its people a century of future litigation upon the points which it covers that have not as yet been decided or settled in the particular State where the act does not prevail. The rules of the law merchant which are codified by the Act have been the outcome of costly litigation, first in England and later in the American States. Except as to a few rules established by the Legislatures and the courts in States not having the Act, the law upon the subjects covered thereby remains uncertain and undecided. The Negotiable Instruments Act gives to each State which enacts it the benefit of a code of rules which have been the product of costly experience elsewhere, without the necessity of litigation to determine and establish rules upon all the subjects covered.

For these and other reasons it is to the obvious interest of the people in the few remaining States and jurisdictions which have not passed the Negotiable Instruments Act, that their respective Legislatures should, without delay, enact the law so that the people of the entire country may have uniformity of rules, through the concurrent action of the respective States, governing the great volume of bills, notes and checks which, as substitutes for money, enter so largely into interstate circulation, equally as the people now have uniformity of law governing actual money and currency provided by Congress under Constitutional authority.

#### THE NEGOTIABLE INSTRUMENTS ACT IN VERMONT.

THE Negotiable Instruments Act which was introduced in the twenty-second biennial session of the General Assembly of the State of Vermont, which commenced in October, 1912, has been passed by the House of Representatives of that body and is now pending in the Senate. After it had been referred to the Judiciary Committee of the Senate, certain questions arose in the Committee as to the interpretation and legal effect of certain provisions of the act and at the request of the president and Executive Council of the Vermont Bankers' Association, General Counsel appeared before the Senate Judiciary Committee at Montpelier on January 23rd and discussed various provisions and the general effect of the measure. The Negotiable Instruments Act has, several times, been introduced in previous sessions of the Vermont Legislature without successful result and at the present session it has gone farther than ever before. The impression gathered as a result of the hearing on January 23rd was that the Senate Committee would report the measure for passage and the outlook, therefore, seems favorable that this act will become a law in Vermont this year.

---

#### THE NEGOTIABLE INSTRUMENTS AND WAREHOUSE RECEIPTS ACTS IN INDIANA.

THE Negotiable Instruments Act has been introduced in the Legislature of Indiana and a determined effort is to be made on behalf of the banking and business interests of the state to secure its passage at the present session. Secretary Smith of the Indiana Bankers' Association expresses his belief that the chances this year are favorable for its passage. The Uniform Warehouse Receipts Act has also been introduced in the Indiana Legislature and is now before the Judiciary Committees of both houses.

---

#### THE NEGOTIABLE INSTRUMENTS ACT IN MINNESOTA.

THE Negotiable Instruments Act is to be urged for passage by the Minnesota legislature this year and advices from that state are that the outlook is favorable. The measure was introduced at the last session of the legislature and fell but a few votes short of passage.

Since the decision of the Supreme Court of Minnesota rendered a year ago in *Wagstaff v. First National Bank of Blue Earth City*, establishing the doctrine in that state that a check is an assignment, which is contrary to the rule of the Negotiable Instruments Act and leads to a series of subsidiary rules in conformity with that doctrine, such as that the drawer cannot stop payment and that the holder of an unaccepted check can sue the bank upon its refusal to pay, all this being in conflict with the law prevailing in the great majority of American states, there is additional reason why, by passing the uniform act, the State of Minnesota should bring its law governing bills, notes and checks into conformity with that which so generally prevails elsewhere. The "check is an assignment" doctrine prevails in South Dakota as well as in Minnesota and possibly in one or two other

states, but aside from these few states, the rule that a check of itself does not operate as an assignment of any part of the funds to the credit of the drawer with the bank and the bank is not liable to the holder unless and until it accepts or certifies the check, prevails not only in the forty states and jurisdictions which now have the Negotiable Instruments Act but also in a majority of the fourteen states and jurisdictions which have not yet passed the measure.

#### BILLS OF LADING.

THE bankers in Missouri are making a special effort this year to procure the enactment in that State of the Uniform Bills of Lading Act; and are rendering active assistance to the Committee on Bills of Lading of the American Bankers' Association, in urging the passage by the National House of Representatives of the companion bill to the Uniform Act, designated S. 957, which unanimously passed the Senate last August. The following circular was issued early in January by the Committee on Bills of Lading of the Missouri Bankers' Association to members in that state:

Joplin, Mo., January 3, 1913.

To the Members of the Missouri Bankers' Association:

As you no doubt know, there has been an organized effort for a long time past on the part of both the American Bankers' Association and the Missouri Bankers' Association, to secure the enactment of uniform laws relating to bills of lading. They have had the co-operation and assistance in this work of other business organizations of all kinds. This work has naturally developed along two lines: First, the securing of a law to govern interstate and foreign commerce, to be enacted by the Congress of the United States, and second, the same thing as applied to business wholly within one state, to be passed by the various state legislatures.

After an immense amount of work, the national proposition has been brought up to a point where a satisfactory bill known as House Bill S-957 has been passed by the Senate of the United States, and is now pending in the Committee on Interstate and Foreign Commerce of the House of Representatives. It is important to secure an early hearing on this bill by that committee and then a prompt report to the House. To this end, each banker in Missouri is requested to write at once to the Representative from his district, calling this matter to his attention and urging favorable consideration and support when the bill comes up for passage.

That you may know the character and effect of this bill, and its importance to all business interests in the state and country, we enclose herewith a pamphlet issued by Mr. Thomas B. Paton, General Counsel for the American Bankers' Association, which sets forth these things clearly and concisely.

Please do not put off this matter, but write at once to your own Congressman and any others with whom you may be acquainted, especially to any who are members of the Committee on Interstate and Foreign Commerce. Please send copies of any replies which you may receive in answer to your letters to the Chairman of this Committee at Joplin, Missouri. The matter of state legislation on this subject will be taken up at a later date.

Yours truly,

C. G. HUTCHESON,

FRANK O. HICKS,

J. E. GARM, Chairman,

Committee on Bills of Lading, M. B. A.

Bankers and committees of bankers in many other states have likewise given time and attention to urging national legislation on this subject, in aid of the

committee of this Association who have been doing everything in their power to procure a hearing and favorable report of S. 957 by the House Committee on Interstate and Foreign Commerce at the present session. At this writing it is difficult to tell whether these efforts will be successful; but no stone has been left unturned and in case of non-success, the measure will be re-introduced in the House and Senate at the extra session of the new Congress with a more confident feeling than ever that the measure will be passed by both Houses and become a law. The educational campaign has borne its fruit and the forces working for this measure are stronger and better equipped than ever before. In addition to its indorsement by the American Bar Association, the American Bankers' Association and many state bankers' associations, the bill of lading act pending in Congress has now received the indorsement of practically every commercial organization in the United States, including the Chamber of Commerce of the United States.

#### THE BLUE SKY LAW.

IN the January JOURNAL-BULLETIN we published the full text of the act to provide for the regulation and supervision of investment companies, known popularly as the Blue Sky Law, which was enacted in 1911 by the legislature of Kansas, together with a statement of Bank Commissioner Dolley of that state that the law had worked satisfactorily and making certain suggestions for its improvement.

Bankers in a number of states have announced their intention of urging similar laws upon this subject in their respective legislatures and while the Blue Sky Law so called, is not one which has, as yet, been formally approved and recommended by the American Bankers' Association, the general interest of bankers in the subject is such that publication of information of this character is of advantage.

Below we print a copy of the "Blue Sky Law" drafted by the Michigan Bankers' Association and presented to the Legislature by Senator Verdier.

A BILL to regulate the sale of stocks, bonds and other corporate securities, to define dealers therein, and to provide for the licensing of such dealers.

Section 1. No dealer in stocks, bonds, debentures, certificates of participation or other corporate securities, shall in this State sell, offer for sale, invite offers for, or inquiries about such securities by advertising in any newspaper, magazine or other periodical published in this State, or by personal solicitation, letters or circulars until such dealer has filed:

(a) A statement under oath showing the name and principal place of business of such dealer, and the names, residences and business addresses of all persons interested as principals, officers, directors or trustees, and if any, including the name, residence and business address of an agent residing in this State.

(b) Two certificates each signed by different persons who shall be officers of different State or Savings Banks or Trust Companies within this State, or of National Banks, stating that in their opinion the dealer is of good business repute and financial standing.

Section 2. The Securities Commission may confirm this statement and evidence by such investigation as it may deem necessary, and if not satisfied

therewith, or thereafter it receives evidence satisfactory to it that the dealer is not of good business repute and financial standing, or has violated any provision of this Act, the said Commission may, as hereafter provided, at any time, either on complaint or on its own initiative order the dealer not to do or invite business in this State.

Section 3. A dealer shall mail to the Commission as soon as any copies are mailed or shown to any prospective purchaser in this State, a copy of all printed or otherwise reduplicated circulars of securities the dealer shall offer for sale in this State, including a copy of all advertisements inserted in any newspaper, magazine or other periodical published in this State.

Section 4. The Commission may at any time require a dealer to file with it statements, which it may require to be under oath, of assets and earnings or other information in relation to any security the dealer is offering for sale, inviting offers for or inquiries about, or advertising in newspapers, magazines or other periodicals published in this State, sufficient to show that the offering, circularizing or advertising is in good faith. If not satisfied that the offering, circularizing or advertising is in good faith the Commission may order the dealer not to offer the security for sale or otherwise advertise in such publications or circularize the security in this State.

Section 5. On ordering a dealer not to do or invite business in this State, or on ordering the dealer not to offer for sale, circularize or otherwise advertise in such publications in this State, any security, the Commission must send notice to the dealer by registered mail, addressed to the dealer's principal place of business, or such address as the dealer may designate for that purpose, stating the reasons therefor.

On receiving such an order from the Commission, the dealer may apply to a Judge of the Circuit Court in Chancery for an order addressed to the Securities Commission to show cause why the Commission's order should not be revoked, and the Judge may suspend the Commission's order pending the determination of the application, and make such provision as justice may require for the summary hearing and determination thereof.

Section 6. Every sale or contract of sale made by a dealer who fails to comply with the provisions of this Act, or to obey any order of the Commission, made under the authority of this Act, shall be void, and the dealer on request and tender back of any

securities received must return the purchase price or any part thereof paid.

Section 7. Every registered dealer shall file an irrevocable power designating a resident agent or the Commission Attorney for the dealer for the service of any legal process.

Section 8. Any dealer wilfully violating the provisions of this Act upon conviction thereof shall be deemed guilty of a misdemeanor and shall be punished by a fine of not more than Five Hundred Dollars; and if such violation is with intent to defraud, by imprisonment in the County Jail for not more than one year or by both such fine and imprisonment.

Section 9. Any dealer coming within the provisions of this Act shall obey all orders or directions of the Commission provided for in this Act, and his failure to do so shall be deemed a violation of this Act and subject him to the penalties hereof, including if such sale or offering was made with intent to defraud, the penalties provided for a violation of this Act with such intent.

Section 10. In this Act the term "dealer" shall mean any individual, partnership, association or corporation engaging in this State in the occupation of selling stocks, bonds or other securities, whether as principal or agent. But an agent need not file information if already filed by a principal.

A corporation or unincorporated association offering its own securities for sale by circular, advertising or through agents to others than its own shareholders or members or to dealers or banks or by such means inviting offers for or inquiries about its securities shall be considered a dealer under the terms of this Act.

Section 11. The provisions of this Act shall not apply to commercial paper or other evidence of debt not running more than nine months, securities of the Federal or State Governments, municipal securities or securities issued by any corporation the bonds of which are a legal investment for savings banks in Michigan or securities approved by the Michigan Railroad Commission or by the Railroad Commission or Public Utilities Commission of any other State.

Section 12. All license fees herein provided shall be paid into the State Treasury by the Commission upon receipt thereof, and shall be available for the payment of any expenses incurred by the Commission in the performance of its duties in the same manner as expenses of the State Banking Department are paid.

## OPINIONS BY GENERAL COUNSEL.

Summary of Questions Received and Opinions Rendered to Members of the Association.

### COMPULSORY DISCLOSURE OF CUSTOMERS' BALANCES FOR TAX PURPOSES.

Decisions protect bank officers from being compelled to make disclosure of names of depositors in gross and amounts of their deposits, for purposes of taxation—But in a proper proceeding against one or more depositors, specified by name, bank officer not privileged to refuse to produce books and testify as to balances of such depositors.

From Pennsylvania.—Can the County Court compel an officer of a national bank to bring his books before the court and show the amount of deposits it holds for different parties? I refer to deposits on which interest is paid. The information is to be used as a basis for assessment. In other words, if a depositor of a bank makes returns to an assessor and the returns do not suit the officer, can the assessor get the information from the bank? Your advice in this matter will be appreciated.

In a proper proceeding against an individual customer or customers of a national bank, specified by name, I think an officer of the bank can be compelled to bring such customer's account or accounts into court and testify as to the amount of the deposit; but I doubt very much whether, at the instance of assessing officers and where no specific depositors are named in any proper legal proceeding it is within the power of a court to compel an officer of a national bank to furnish the names of its depositors and the amounts standing to their credit on a given day, for purposes of taxation, either directly to such assessing officers or by bringing the books into court and giving testimony as to such facts.

Questions of this nature have come up in several cases and I will make a brief review of the decisions for your information.

In *First Nat. Bank v. Hughes*, 6 Fed. 737, it was held that Section 5241 of the Revised Statutes which provides that "no association shall be subject to any

visitorial powers other than such as are authorized by this title or are vested in the courts of justice" does not prohibit the service upon the officers of a national bank of compulsory state process to obtain the names of its depositors with a view to assessing them for the purposes of taxation; but there have been a number of decisions in different states to the contrary that it is beyond the power of the courts to compel a bank officer to disclose the names of depositors and the amounts standing to their credit for purposes of taxation.

For example, section 2782 of the Revised Statutes of Ohio authorized and empowered the county auditor, if he had reason to believe any person had given the assessor a false statement of his personal property, to issue compulsory process and require the attendance of any person whom he might suppose to have knowledge and to examine such person on oath in relation to the statement or return; with a provision that in case of refusal, the probate judge of the county should issue a subpoena and if the party still refused to appear or testify, he should be punished for contempt. Under these provisions, the auditor of Mahoning County issued a process against the cashiers of certain national banks to appear and give testimony and produce the books showing deposits. The cashiers appeared, willing to testify, but refused to bring the books, acting under the orders of their respective boards. The auditor then applied to the probate judge for a subpoena, and the banks in turn applied to the Federal Circuit Court for a restraining order under Section 5241 U. S. Revised Statutes, above quoted. The court decided that the officers of national banks cannot be compelled to present for inspection, either to the auditor or probate judge, books showing the deposits of the bank and the state officials were restrained from compelling the same to be done. See *First and Second National Banks v. Auditor of Mahoning County*, 5 Cin. Law Bul., 515.

Similarly in Indiana it was held in *Decker v. Langenberg*, Superior Court of Marion County, October, 1891, that the State Board of Tax Commissioners had no authority to subpoena the officer of a state bank to appear with the books of the bank disclosing the names of depositors and amounts to their credit on a given day and to answer all questions relative thereto, nor to adjudge a recusant witness guilty of contempt and punish him by fine and that the portion of the Indiana Tax Act which attempted to confer such power on the State Tax Board was unconstitutional and void. In this case the court said: "It is my opinion, despite the expression of the court in *First Nat. Bank v. Hughes*, 6 Fed. 737, which I do not think applies to the facts of this cause, that the legislature of this state, under the limitations of its Constitution and the Constitution of the United States, has no authority to vest power in said Board of Tax Commissioners, nor any fractional part of it, to require a bank to disclose the names of its depositors in gross, for the mere purpose of indefinite discovery, as in this case, nor produce its books for examination to obtain such names for like purpose. The sanction of such authority would, in my opinion, result in the inauguration of such an unreasonable system of inquisition and the encouragement of vexatious and profitless espionage to such a degree as

was never contemplated, and certainly can find no just sanction in our plan of government. \* \* \* But I do not wish to be understood as intimating that a bank official may not in a proper case be required by the proper officials in the tax system, as the State Board of Tax Commissioners, or some one of them, or by the proper township or county assessors, or the county auditor or treasurer, to testify if a named person or company or corporation had money on deposit in the bank represented by such official on the first day of April of any year." It is to be observed that the distinction drawn by the court is between a compulsory disclosure of deposits in gross, which is unlawful, and a proceeding in a proper case against a particular individual, in which latter case the proceeding is not indefinite and disclosure by the bank official may be compelled.

Again, in Oregon (*Re Indictment of Henry Fall-ing*, Circuit Court, Multnomah County, July, 1895) where, by a state statute the legislature required the proper officer of every bank to furnish the county assessors with a certified sworn statement of the names of depositors with the amounts deposited, under penalty of a fine for refusal, and the officer of a national bank was indicted for refusing to comply with the law, the Circuit Court sustained his demurrer holding the law unconstitutional and invalid.

From the above it would appear very doubtful whether an officer of a national bank can be compelled to bring the deposit books to court and make a wholesale disclosure of the names of its depositors and the amounts due them for the purpose of supplying the tax assessors with information upon which to base assessments against all such depositors. But if, on the other hand, one or more depositors should make returns, which were unsatisfactory and a proper proceeding should be brought against these particular depositors by name, I think the bank officer could be compelled to appear with the proper books and give testimony as to the amount due such depositor or depositors on a given day.

This has been directly so held by the Supreme Court of Kansas, in *re Davies*, 68 Kan., 791. In that case a grand jury was investigating the conduct of a customer of a bank to determine whether he had committed perjury in making a return under oath to the assessor of the county. The cashier of the bank was called before the grand jury and was asked to state the amount the customer had on deposit on March 1, 1903. He refused and was adjudged guilty of contempt, fined and imprisoned. He brought a proceeding in habeas corpus, insisting that he should be discharged because the matter concerning which he was interrogated was privileged. But the court held it was not against public policy to require a banker to disclose the amount of a depositor's balance nor are the transactions between a banker and depositor privileged or confidential in a legal sense. The court cited *Loyd v. Freshfield*, 2 C. & P., 325, decided in 1826, in which it was held that a banker was bound to answer what a party's balance was on a given day, as it was not a privileged communication. The court also said: "That to compel a disclosure from the witness would be an unreasonable search for and seizure of the depositor's property is untenable. To obtain information from

a witness of the amount and location of another's money or property cannot come within the constitutional inhibition against unreasonable searches and seizures. There was nothing confidential in a legal sense between Davies, the banker, and his depositor, which would allow the former to assert that the business transactions between them were privileged."

See also Interstate Commerce Commission v. Harriman, 157 Fed., 432, in which it is held that a banker is not privileged to withhold information as to the identity of a person depositing securities with his bank when such information is material in a lawful investigation, judicial or legislative.

See also *re Lathrop, Haskins & Co.*, 184 Fed. 534, in which it is held that the refusal of a witness to answer questions relative to an inquiry in bankruptcy, because he owed to his customers and firm the duty not to disclose their private affairs, is unjustifiable.

From the above hurried review of the cases, I think the conclusion to be arrived at is that an officer of a national bank in a proper proceeding against one or more individuals specified by name and who are customers of the bank, may be compelled to appear and testify as to the amounts standing to the credit of such customers on a given day and produce the books showing their respective accounts. But I think it very doubtful whether, if there is no lawful proceeding against certain specified customers, such officer can be compelled to come into court with the books and make a wholesale disclosure of the names of customers and the amounts to their credit respectively.

#### PARTIAL PAYMENT INDORSED ON NOTE.

Where credit of amount on note as part payment is in maker's handwriting, burden of proof is on latter to establish fact.

From Missouri—I am executor of an estate and hold a note against a person for several thousand dollars. There is a credit indorsement on back of the note for 1,000. The indorsement does not say 1,000 what, but it is supposed to be dollars. The credit is in the handwriting of the maker of the note. I am inclined to believe that the payment was never made but how am I to proceed to overcome the indorsement of the credit written on back of the note? Can you refer me to any cases similar?

In a suit against the maker of the note it will not be necessary for you to disprove that the credit of 1,000 supposed to be dollars, in the maker's handwriting, represents a part payment but the burden of proof will be on the maker to prove that fact. I would refer you to the following authorities:

The general rule is that proof of non-payment is ordinarily unnecessary to establish a cause of action, *Blandy v. Clock*, 68 Mich., 201; *Bannister v. Wallace*, 14 Tex. Civ. App. 452, since the burden of proving payment is upon the party pleading it. *Turrentine v. Grigsby*, 118 Ala. 380; *Rhodes v. Ashurst*, 176 Ill. 351; *Ferguson v. Dalton*, 158 Mo. 323; *Oil Well Supply Co.*, 127 Mo. 616; *Yarnell v. Anderson*, 14 Mo. 619; *Everett v. Lockwood*, 8 Hun (N. Y.) 356.

Where a credit is indorsed on the instrument sued on, the burden of proving it as a payment is never-

theless on the debtor unless the indorsement is in the handwriting of the creditor. See, for example, *Erhart v. Dietrich*, 118 Mo. 418, holding that where in an action to foreclose a deed of trust, there is no evidence that certain credits on the back of the note were in the handwriting of the deceased creditor, it is error to instruct that all the credits are to be taken and considered as correct, that the amounts were so paid, and that the burden to prove the contrary was on plaintiff. See also *Curry v. Kurtz*, 33 Miss. 24; *Pfiel v. Vanbatenberg*, 2 Camp. 439; *Spann v. Ballard*, *Rice (S. C.) 440.*

#### PAYMENT OF DRAFT BY FOREIGN BANK ON FORGED INDORSEMENT.

Under law of Germany, paying drawee not responsible for genuineness of indorsements—Question of responsibility for loss between issuing bank and purchaser of draft.

From Ohio—This bank drew its draft on the D— Bank, Berlin, Germany, payable to the order of Mrs. A. H., for two hundred and fifty (250) marks. The draft was paid by the D— Bank in due time and bears the indorsement of A. H. The indorsement is a forgery; A. H. claiming that the draft was never received by her nor did she ever receive the proceeds from it. The indorsement on the draft is obviously not the signature of the A. H. intended. A. H. now demands that we refund to her the amount paid for the draft.

Will you kindly advise us if there are decisions under similar circumstances that will indicate to us who should lose the amount involved. Do you know if identification is required by foreign banks in the cashing of drafts as in this country?

Had the draft in question been drawn on a bank in the United States, the drawee having paid same on a forgery of the payee's indorsement would be responsible to the drawer—your bank—as the American courts uniformly hold that a payment on a forged indorsement is without authority and at the peril of the bank, unless it can claim protection upon some principle of estoppel or by reason of some negligence chargeable to the drawer. But the law of Germany is different and the drawee bank is not obliged to investigate the genuineness of the indorsements. German Law of Bills of Exchange, VII, Art. 36. The English Law is to the same effect; the drawee bank is protected where it pays a check in good faith although the indorsement has been forged or made without authority. English Bills of Exchange Act, Sec. 60. The method of safeguarding checks in England against payment to irresponsible or fraudulent persons is by the crossed check system; and in Germany by Art. XIV of the German Check Law of 1908 "The drawer as well as the holder of a check can, by means of an observation written across the front side of it 'only for account' prohibit that the check shall be paid in cash. In this case the drawee can only discharge the check by bringing it into account. Bringing into account is to be construed as the equivalent of payment within the meaning of this law."

As the German bank, drawee, is not responsible because of payment of your draft on forged indorsement, the question remains whether the loss will fall

upon your bank or upon the payee who purchased the draft from you.

Had this draft been purchased and delivered to the payee over your counter, I am inclined to think the payee and not your bank would be the loser. Your liability on the draft would be governed by the Negotiable Instruments Law of Ohio. Having sold your negotiable draft for value, you would no longer be liable for the original consideration received, but your sole liability would be as drawer of a foreign bill of exchange and this would be conditioned upon the draft being dishonored by the drawee and your liability being fixed by formal protest. As the draft was not dishonored, but its payment was valid under the law of Germany, I think this would operate as a discharge of all liability on your part and cause the loss to fall upon the purchaser, if the fact was that you had actually delivered this draft to such purchaser over your counter.

But according to your letter, the payee claims "that the draft was never received by her" from which it would appear that you did not deliver the draft over your counter but probably sent it to her by mail at some other place, although just what the facts are in this regard does not appear.

Assuming the draft was forwarded to the payee by mail and not received by her, I think the question of responsibility would depend upon whether the method of forwarding was by her authority. Where a payment is remitted by mail by a debtor to a creditor and does not reach the latter, it is generally held that the loss falls on the sender unless this method of sending has been authorized by the creditor. See for example, *Roth v. Travelers Prot. Ass'n*, 115 S. W. (Tex.) 31. See also *Gaar v. Taylor*, 128 Iowa 636, in which it was held that the act of the maker of a note in sending currency in an unregistered letter, mailed at a rural post office, to the holder, before the note was due and before demand had been made for payment thereof, did not amount to a payment of the note, where the holder did not receive the money, and the maker was not authorized to remit at such time or in such manner.

I quote from 30 Cyc., 1186, in which cases are cited to support the text, the following general rules which govern the question of responsibility in case of remittances by mail: "A remittance by mail may constitute payment if expressly or impliedly authorized by the creditor or such payment is according to the usual course of dealing between the parties, or if the usage and dealings with the creditor give reasonable grounds to believe that the creditor expected the remittance to be made by mail, although the creditor never receives it; but authority to remit by mail under specified precautionary observances does not protect a remittance by mail when such precautions are not observed, and a mere general direction by a creditor to his debtor to remit money to him does not authorize a remittance by mail at the risk of the creditor, unless that is the usual course of business and known by the creditor to be so. A direction as to a single remittance does not apply to future remittances."

Without knowing the precise facts in the present case, if the method of forwarding the draft to the purchaser was pursuant to her instruction and authority and due precautions were observed, I think the risk

of its miscarriage would be held to rest with the purchaser, and the bank absolved from liability where the draft was afterwards discharged by payment sufficient under the laws of Germany; but if from the facts it should be held the forwarding of the draft was at the risk of the bank, it never having reached the purchaser, the bank would remain liable for a consideration never delivered.

#### INDEBTEDNESS OF STOCKHOLDER TO BANK.

**Recourse of Kansas bank upon shares of indebted stockholder.**

From Kansas—If a party owns a share of stock in a state bank of Kansas and later becomes in debt to the bank by an overdraft and the stockholder turns over some little property to apply upon the O. D., but said property is sold by the bank and it does not satisfy the debt, can the bank hold the share of stock of the debtor—debtor not being worth double liability at this time? If the bank can hold share, what procedure should be taken? We understand the law to the extent that we can hold the shares and apply the earnings upon the debt, but what we want to know is if the shares can be sold by the bank and the proceeds applied upon the debt.

The Kansas Banking Law (Sec. 52) protects a bank against a transfer of bank stock so long as the registered holder is indebted to the bank, and provides that all dividends, interest or profit shall be retained by the bank and applied to the discharge of the indebtedness. It does not, however, give the bank any power of sale of the stock (except that under Section 7 there is a power of sale of delinquent stock by the directors where required assessments are not paid, which is not the present case), and therefore, if the bank cannot satisfy the debt within a reasonable time out of dividends or earnings of the stock, it would seem necessary to apply to a court of equity, upon notice, for a decree authorizing sale, which, I presume, would be granted in a proper case.

#### PURCHASE OF BILL OF LADING DRAFT.

**Right of purchasing bank to proceeds in hands of collecting agent, as against drawee who, after paying draft, attached the funds because goods not up to contract.**

From Minnesota—Our bank sent a number of drafts covering cars of hay, with order bills of lading attached, to a bank at a point in Nebraska. These drafts were drawn by one of our local customers on a hay dealer at that point. Some delay occurred in the remitting for these drafts, and to numerous tracers sent and letters written, no reply was received. Finally in reply to a sharp letter, a letter was received from the collecting bank in which they stated that the drafts had been paid, but that the money had been attached by the party upon whom the drafts were originally drawn, as he claimed the goods were not up to shipment. This argument is of no interest to us—our contention being that the money belonged to us and that we had advanced money on them.

Will you kindly advise me if in your opinion the collecting bank can be held accountable and made to pay the money to us, irrespective of the decision

of the matter in dispute regarding the quality of the hay.

Your bank being a purchaser for value of these drafts was entitled to the money as against the paying drawee, free from any claim of the latter because of defect in the quality of the goods. This has been repeatedly so held in numerous recent cases, there being only one state where a contrary rule prevails at the present time, namely Mississippi. See Blaisdell v. Bank, 96 Tex. 626; Nason v. Nelson, 148 N. C. 492; Tolerton v. Bank, 112 Iowa, 706; Central Mercantile Co. v. Oklahoma State Bank, 83 Kan. 504; German-American Bank v. Craig, 70 Neb. 41. In this latter case, which governs the rights of the Nebraska drawee in the present case, vendors under a contract of sale, drew on the purchaser for the amount of the goods sold and negotiated it with a bill of lading, to a bank which delivered the goods and collected the draft. It was held the transaction did not operate to substitute the bank for the vendors as a party to the contract, so as to render it liable for breach of warranty as to the quality of the goods.

See also First Nat. Bank v. Mount P. Milling Co., 103 Iowa, 518, where a bank which discounted a draft with bill of lading attached prevailed against an attaching creditor of the shipper.

In Central Mercantile Co. v. Oklahoma State Bank, *supra*, a transaction similar to that in your case, after the drawee paid the drafts and before the money was remitted, it garnished the proceeds in the hands of the collecting bank. The Oklahoma bank which had purchased the drafts was held entitled to the fund. The court said: "The drafts have been paid by the Mercantile Co., drawee, to the Citizens Bank as agent of the Oklahoma Bank, the payee . . . the situation is the same as though payment had been made to the Oklahoma Bank directly. The proceeds of the drafts have become its property as effectually as though it had their actual possession. . . . We perceive no ground of liability upon its part unless one who purchases and collects a draft, with bill of lading attached, is deemed to guarantee the character or quality of the goods shipped. A few cases have so held . . . but the general doctrine to the contrary is well settled." In that case, when the collecting bank was garnished it filed an answer that it still had the proceeds, but did not know whether they belonged to the drawee or to the Oklahoma bank. The Oklahoma bank was made a party and claimed the fund. The drawee prevailed in the lower court but the decision was overturned by the Supreme Court of Kansas, and the money ordered to be paid to the Oklahoma bank.

#### NON-NEGOTIABLE BILL OF LADING DRAFT.

Draft payable "on arrival" and providing that "paid freight bill will be accepted as part payment" is not negotiable—Opinion that purchaser of non-negotiable draft, receiving payment from drawee and surrendering attached bill of lading, liable to refund where failure of consideration for draft.

From Michigan—Will you kindly give us your opinion as to the following transaction:

We placed to the credit of T. & Co., of this place a draft drawn by them on R. & Co., of Kansas City. This draft read as follows: "Pay to the order of the County Bank, \$2,086.67, value received and charge the same to account of R. & Co., Kansas City, Mo. Signed, T. & Co." It was further provided in the body of the draft that paid freight bill would be accepted as part payment.

Attached to this draft was a bill of lading issued to T. & Co., or order, notify R. & Co., and endorsed on the back by T. & Co. In the body of the bill of lading it called for 240 bags of beans, said to weigh forty thousand pounds.

We sent this draft to the S Bank of Kansas City with instructions to collect and remit us for the same. About ten days after this time we were advised by the S Bank of Kansas City, that the draft had been paid and that they had remitted us for the same their draft drawn on the F Bank of Chicago, for \$1,996.57, together with a paid freight bill of \$88.00, after deducting \$2.00 for their collection charges.

The day after this draft was paid in Kansas City R. & Co. got out an injunction, the court instructing the Kansas City bank to wire the postmaster of this place to return them the letter addressed to us. This letter was returned to the Kansas City Bank by our local postmaster.

As the matter now stands we are without the money or our draft with the original bill of lading. The bank in Kansas City holds the money, the railway company, we presume, has the bill of lading and R. & Co. have the cancelled draft.

We understand R. & Co. are going to contest on the grounds that, first, the draft was not negotiable on account of the clause instructing payee to accept paid freight bill as part payment, claiming the draft should have called for a stated amount. Secondly, they claim the goods were bought on sample and upon opening the car and inspecting the goods they found they were not as represented.

We, however, claim that we are bona fide owners of the draft, holding the bill of lading as collateral security. There was nothing, however, in the body of the draft or the bill of lading permitting inspection or guaranteeing the grade of goods.

The bill of lading was the usual yellow order of bill of lading and the clause in the draft as to the acceptance of a paid freight bill in part payment, should have no bearing as to the negotiability of draft or bill of lading. I am enclosing you a duplicate of the draft in question and a sample of the bill of lading used.

The first question is whether the draft is a negotiable instrument. It orders the payment of \$2,086.67, but contains a provision that "Paid freight bill will be accepted as part payment." It is also made payable "on arrival." The Negotiable Instruments Law requires that to be negotiable the instrument must contain an unconditional order to pay a sum certain in money. I doubt very much if the draft in question complies with these requirements. A draft payable "on arrival" is not an unconditional order, for if the goods should never arrive, the draft would never be payable. I think also the provision that the paid freight bill will be accepted as part payment would deprive the draft of the character of calling for payment of a sum certain in money. True the Negotiable Instruments Law provides that "the negotiable character of an instrument otherwise negotiable is not affected by a provision which . . . gives the holder an election to require something to be done in lieu of payment in money." For example, where under the provisions of an instrument the holder may either demand the payment of the sum named therein or the delivery, in lieu thereof, of certain specified stock. But I doubt

if the provision in the draft is of this character. The holder in the present case has not the election to require the receipted freight bill as part payment, in lieu of money, but rather the drawee or payor is given the option to make part payment by something else than money. I think, therefore, the draft was not a negotiable instrument.

The question then arises whether the drawee of a non-negotiable draft who pays same to an assignee of the drawer upon surrender of an attached bill of lading, can afterwards repudiate the transaction and recover the money paid by showing that the goods were bought on sample from the drawer and were not as represented.

Of course if this draft had been a negotiable instrument, the drawee could not recover from a bona fide purchaser who had received payment. See for example Detroit First National Bank v. Burkham, 32 Mich. 328, in which it was held that the drawees were not entitled to recover of the payee the amount of a bill which they had accepted and paid, on the ground that they paid it under a mistake of fact as to the nature or value of their security from the drawer, where the security accompanied the bill and proved to be fictitious. See also the line of cases which hold that a bank, owning and collecting a bill of lading draft, is not liable to the drawee who has paid it to acquire the bill of lading, because of defects in the quality of the goods. Tolerton v. Bank, 112 Iowa, 706; Burton State Bank v. Pease-Moore M. Co., 163 Mo. App. 135. There are a number of other cases which I do not cite, to same effect.

But this draft being non-negotiable, I think there is danger that the general rule that money paid under a mistake of fact as to the consideration, may be recovered, would apply in favor of the drawee who paid the draft in the present case, assuming of course that the goods were not according to contract between drawer and drawee. I have not the time to cite authorities in connection with the application of this rule. It has been applied in many cases between vendor and vendee, where goods sold and paid for have not corresponded with the description, to permit recovery by the vendee of the money paid; and as the assignee of a non-negotiable draft would stand in no better position than the assignor, I think it quite likely in such a case recovery would be awarded in a case where claim for restitution has been promptly made, so that the assignee would not suffer because of delay. See, for example, Cosmos Cotton Co. v. First Nat. Bank, 54 So. (Ala.) 621, where the doctrine is upheld that a bank which is payee and bona fide owner or purchaser of a negotiable draft, and which collects draft and surrenders bill of lading, is not liable to refund as guarantor of contract of sale between drawer and drawee; but in which the case is differentiated from one of payment by drawee to bank, not a bona fide holder, in which case drawee may recover its money as having been paid under mistake of fact.

In financing transactions of this kind the banks should see that their drafts are in absolutely negotiable form so that the needed protection may be afforded. If it is desired that payment shall not be made until the goods arrive, it would seem better not to put the words "on arrival" on the draft but rather give a separate instruction to the collecting bank to

hold the draft for arrival of the goods, at the same time taking from the drawer a waiver of diligence in presentation. This latter waiver might go on the draft itself as it would not affect its negotiability. If again the drawee is to be given the right to make part payment by a freight receipt, this provision should be kept off the draft and provided for by separate instruction to the collecting bank.

#### PLEDGE OF STOCK.

**Right of bank, as unrecorded pledgee of stock of a corporation, to dividends declared thereon, as against attaching creditor of pledgor.**

**From West Virginia**—We hold as collateral for note certain stocks on which dividends are being paid. Recently we got an order for said dividends, but the order did not reach the treasurer of the company until an attachment had been served on him by another party in an attempt to hold the funds for another creditor of the owner of the stock. Our information is that as holders of this stock we have a claim which takes precedence even over an attachment served before our order reached the treasurer. We have about as much loaned on the stock as it is worth and this dividend impairs our collateral. Kindly advise us if, in your opinion, we can collect the dividend.

I think your bank, as pledgee of the stock, will be held entitled to the dividends declared thereon in preference to the claim of another creditor of the pledgor who served an attachment on the company.

This stock, I presume, stands in the name of the pledgor on the books of the company. But it is the law of West Virginia that, without book transfer, the pledgee of stock takes a superior title to that of a creditor or of subsequent purchaser from the pledgor, although the corporation itself will be protected in dealing with the pledgor as the owner of the stock. See Donnally v. Heardon, 41 W. Va. 519; Lipscomb's Admr. v. Condon, 56 W. Va. 516.

"Dividends accruing upon pledged stock belong to the pledgee. A pledgee is entitled to collect the cash dividend upon stock and to hold it as he holds the stock itself. If he omits to obtain a transfer upon the books of the corporation, the corporation is of course justified in paying the dividends to the pledgor; but he is a trustee for the pledgee therefor and must account to him" Jones on Collateral Securities Sec. 398 and cases cited.

From the above authorities it would appear that as against the pledgor and his creditors, you are entitled to the dividends upon the pledged stock and the service of the attachment would not affect your right to the dividends any more than to the stock itself.

#### INDORSEMENT BEFORE PAYEE.

**Person indorsing note payable to bank liable to payee as indorser—Demand and notice (but not formal protest) necessary to preserve liability unless protest waived.**

**From Kansas**—Will you please advise us whether in your opinion, under the Negotiable Instruments

Act in force in Kansas, the indorsement of a note, made payable to this bank, by an individual guarantor without the words "protest waived and payment guaranteed" or their equivalent is legal and binding?

Also whether or not protest is necessary to hold such guarantor?

It is my opinion that, under the Negotiable Instruments Law, the indorsement of a note made payable to your bank, by an individual without the words "protest waived and payment guaranteed" or their equivalent, would bind such person as an indorser. There would be no necessity for protest, the instrument not being a foreign bill of exchange, but there would be necessity to hold the indorser liable that there be due demand followed by notice of dishonor. I quote the following sections of the Negotiable Instruments Law of Kansas which are pertinent:

"Sec. 4602. A person placing his signature upon an instrument otherwise than as maker, drawer or acceptor is deemed to be an indorser, unless he clearly indicates by appropriate words his intention to be bound in some other capacity."

"Sec. 4603. When a person not otherwise a party to an instrument, places thereon his signature in blank before delivery, he is liable as indorser in accordance with the following rules:

1. If the instrument is payable to the order of a third person, he is liable to the payee and to all subsequent parties \* \* \*"

"Sec. 4605. Every indorser who indorses without qualification \* \* \* engages that on due presentment, it shall be accepted or paid, or both, as the case may be, according to its tenor, and that if it be dishonored, and the necessary proceedings on dishonor be duly taken, he will pay the amount thereof to the holder, or to any subsequent indorser who may be compelled to pay it."

From the above it will be observed that a person indorsing in blank a note payable to your bank is liable to you as indorser and as such indorser he engages that the instrument will be paid if duly presented; and if dishonored and he is duly charged he will pay the amount. This eliminates the necessity of placing on the note a special guaranty of payment. But as such person is an indorser, he is chargeable only after presentment and notice of dishonor and it would be necessary to take these steps to preserve his liability unless the note contained a waiver by him thereof. The Negotiable Instruments Law (Sec. 4650 Kansas Act) provides that "a waiver of protest, whether in the case of a foreign bill of exchange or other negotiable instrument, is deemed to be a waiver not only of a formal protest, but also of presentment and notice of dishonor." So that if the note was stamped "protest waived," it would be all sufficient; otherwise in case of a time note, demand and notice would have to be given the indorser at maturity and in case of a demand note such steps would have to be taken within a reasonable time after its issue to hold the indorser liable.

#### PAYEE'S INDORSEMENT OF CHECK AS PREREQUISITE TO PAYMENT.

At common law debtor could not require receipt as a condition of payment and it has been held bank

cannot require payee's indorsement where payee presents in person—But other cases and better view is that, by custom, bank may refuse payment if payee declines to indorse—No legal distinction between check to "A or order" and to "order of A".

From Illinois—We would like your opinion and reference to cases to bear out the opinion as to the following:

If D (the drawer) draws a check on the X bank payable to P (payee) or order, and P presents the check direct to the X bank for payment, can the bank legally refuse payment if P refuses to indorse check? Would there be any difference if check read "Pay to the order of P"?

The right of a drawee bank to refuse payment of a check presented by the payee in person because the payee refuses to indorse the check is not satisfactorily established by the courts at the present time, the few cases which exist on the subject indicating a conflict of judicial view.

At common law a debtor is not entitled to a receipt from his creditor for money paid and while it is customary for a receipt to be given, a creditor standing on his legal rights may refuse to give a receipt and in such case a tender of money in payment of a debt on condition that its payment be receipted for, is not a legal tender. *Sanford v. Buckley*, 30 Conn. 349.

A bank is debtor to its depositors and in paying this debt according to his order to a designated payee the same rule would prevail, unless the custom to require indorsement can be shown to be so universal and reasonable as to modify the rule of law in its application to drawee banks.

In *Durgin v. Bartol*, 64 Me. 473, a note payable to order of A was held equivalent in law to a note payable to A or order and could be sued on in the name of A without indorsement. And in *Meuer v. Phoenix Nat. Bank*, 94 App. Div. 331 (affirmed without opinion 183 N. Y. 511) a bank was compelled to pay a check which it had certified to a holder who had given value for it to the payee, the check not having been indorsed by the payee who had afterwards died, the transfer without indorsement carrying the payee's title, to the transferee. These decisions indicate that the primary debtor upon a negotiable instrument, such as the maker of a note or the certifier of a check, cannot require indorsement of the payee or owner as a prerequisite to making payment.

With regard to banks as drawees of checks, the following decisions are pertinent:

In *Osborn v. Gheen*, 5 Mackey (D. C.) 189, the court used this language: "There is no necessity at all for the legal operation of a payment that the payee should indorse the paper. All that he has to do is to receive the money. The party to whom it is directed is ordered to pay so much money to him. All that the drawee has to do, therefore, is to satisfy himself that when the order is presented the true and proper person is there at hand to receive the payment and to receipt for it. It is true it is common for the payee to indorse in blank at the bank or for the holder of an instrument to indorse in blank when he receives payment as a voucher for the payment. But a voucher is not necessary nor is a receipt necessary to give

validity to a payment. . . . The bank upon whom a note or bill is drawn is authorized and required to pay the money to the payee, knowing him to be the identical man intended, without any indorsement and without any receipt." The court then goes on to say that a prudent man might properly decline to indorse, as the bank might put the paper in circulation again with his indorsement on it and further says: "He should receipt it as a matter of satisfaction between him and the other; but he should qualify his indorsement by some word or sign or indication that he did not mean to throw the paper into circulation again but meant to make his name upon it only a representative of the fact that it had been paid to him and that the functions of the paper had ceased and become entirely extinct." The view of this court, it is seen, is that the payee is not legally required to indorse or give a receipt although he may be under a moral obligation to give a receipt.

There are some cases, however, which would support the view that the bank would be legally entitled to refuse payment to a payee unless he indorsed the instrument, by virtue of the custom to make such requirement.

In *Pickle v. Muse*, 88 Tenn. 380, Muse gave his check to Pickle or order which the bank alleged it paid to Pickle without indorsement. Pickle afterwards denied that he had received payment and sued Muse and the bank. (Note that now under the Negotiable Instruments Law the holder of an unaccepted check has no right of action thereon against the bank.) The bank's officers had no memory as to making payment but testified it was the rule and custom of the bank to require indorsement on all checks when presented by one other than the payee but that when presented by the payee in person they did not require his indorsement; therefore the bank's possession of the check raised a presumption of payment. The court held, however, that this presumption was rebutted by the positive and uncontradicted testimony of the payee that he had never received payment and decided in his favor on the ground that the weight of proof indicated no payment. The court in its opinion said: "The custom of the defendant to pay such checks as the one now under consideration to the payee without his indorsement is the occasion of this litigation. The contrary is the usage of commerce. Such a check, returned to the drawer when paid and debited to his account, with the indorsement of the payee, would be a voucher for such payment in favor of the drawer against the payee; but without such indorsement it would not be evidence as between drawer and payee of such payment. The almost universal custom of business is to make checks payable to the payee or order for the purpose of making the check a voucher for the payment. So the indorsement by the payee would furnish the banker with very high evidence of payment in accordance with the direction of the drawer."

This case, then, is authority that the bank would have a legal right to refuse payment to a payee who declined to indorse, by force of established custom, modifying the old common law rule that a debtor is not entitled to demand a receipt; and the case shows a two-fold necessity for such indorsement (1) as a voucher for the drawer of payment to the payee and

(2) protection to the bank, for otherwise there would be danger that the *prima facie* evidence of payment shown from possession of an unindorsed check would be outweighed by the positive contrary evidence of the payee that he had never received payment.

A New York case also indicates that the bank is entitled to refuse payment to a payee who refuses to indorse. In *Eichner v. Bowery Bank*, 24 App. Div. 63, a check was presented by the payee, a firm and refused payment because of "no funds." The drawer, claiming he had funds to his credit, sued the bank for damages for wrongful dishonor but failed to allege in the complaint that the payees had indorsed the check. The court said: "There was no allegation in the complaint that the check was ever indorsed by the payees either before or at the time or times it was presented to the bank for payment. So far as the action may be regarded as one for damages caused by non-payment of the check, this latter allegation was a necessary one in the complaint and in the absence of such allegation the complaint was fatally defective."

Notwithstanding the decision in *Osborn v. Gheen* and on the somewhat slender basis of the decisions in the Tennessee and New York cases last above cited, coupled with the fact that it is a quite general custom of drawee banks to require payees to indorse before receiving payment in person, I think it is reasonable to conclude that the majority of courts would be likely to uphold the right of a drawee bank to require the payee of a check to indorse it, before paying him the money, and to refuse payment in the event the payee declines to indorse, on the ground of an established custom, which is reasonable and which modifies the rule of the common law that a debtor is not legally entitled to exact a receipt as a condition of making payment. The necessity of such a requirement both to provide a voucher for the drawer and as a protection to the drawee is demonstrated by the decision in the Tennessee case, while the New York case indicates that a bank which refuses payment to the payee because the check is not indorsed by him, does not dishonor the instrument so as to be liable to the drawer in damages.

Upon the question whether there is any difference between instruments payable to (1) A or order and (2) Order of A, while the view is quite popular and seems reasonable that an instrument to order of A carries a condition that it is only payable upon A's order evidenced by his indorsement, similar in effect to a certificate of deposit payable "on return properly indorsed," which condition would of itself, independent of custom, require A's indorsement as a pre-requisite of payment and which condition is not present in an instrument payable to A or order, the courts have quite uniformly held that an instrument payable to order of A is the same as if made payable to A or order. *Durgin v. Bartol*, *supra*; *Frederick v. Cotton*, 2 Showers, 8; *Smith v. McClure*, 5 East, 476; *Huling v. Hogg*, 1 Watts & S. 418; *Howard v. Palmer*, 64 Me. 86; *U. S. v. White*, 2 Hill, 59.

In *Huling v. Hogg* the court said:

"The note is payable to the order of the plaintiff, and does not require an indorsement to enable the payee to maintain a suit on it. A

INCLUDING BULLETIN OF THE AMERICAN INSTITUTE OF BANKING

bill payable to the order of A is the same as if payable to A or order."

In Howard v. Palmer the court said:

"It is objected that the note is payable to the order of the Maine Mutual Marine Insurance Company and has not been indorsed. It may have been once doubted whether a note payable to the order of A, B was equivalent to one payable to A B or order, but it has long been settled that a note payable to a man and his order, or to his order only, is one and the same thing."

PREMATURE PAYMENT OF POSTDATED CHECK.

Bank has no right or authority to pay postdated check before day of its date arrives and no right to refuse payment of another check where funds would be sufficient except for premature payment of postdated check—Wrongful refusal to pay subjects bank to damages recoverable by drawer, but holder of dishonored check has no recourse upon bank but must look to drawer and prior indorsers.

From Ohio—On November 29th A. & B. gave to C. a check on a local bank for \$100 dated same day. Check was deposited and presented through clearing house November 30th. It was dishonored for reason of "not sufficient funds." On the same day, however, bank paid an A. & B. check for \$76 dated December 7th. The facts are that had bank not paid postdated check before it was due there would have been sufficient funds to take care of the check given to C. On December 7th A. & B. failed, and C's check, which had been presented several times for payment remained unpaid. Had the paying bank the right to pay check dated December 7th before it was due, and is it not now holden to C for the \$100 lost through its action?

A bank has no right or authority to pay and charge to the account of its customer a postdated check before the day of its date arrives; therefore because of the premature payment of the \$76 check, the refusal to pay the check of A and B to C for \$100 was a wrongful dishonor of this check which would ordinarily subject the bank to an action for damages by the drawers for injuring their credit. Notwithstanding this wrongful refusal to pay the check, however, the holder, C, has no recourse upon the bank. The Negotiable Instruments Act of Ohio provides:

"A check of itself does not operate as an assignment of any part of the funds to the credit of the drawer with the bank, and the bank is not liable to the holder, unless and until it accepts or certifies the check."

The holder's sole recourse upon the dishonored check, therefore, whether the bank's refusal to pay is rightful or wrongful, is against the drawer and prior parties; and while the bank incurs a liability for damages to its customer for wrongfully refusing to pay his check when in funds, in the present instance it would seem that, the customers being in an insolvent condition, they did not have much credit to damage.

DEATH OF DRAWER AS REVOCATION OF CHECK.

Except where a contrary rule is provided by statute and in the few states where check is an assignment, death of drawer of check revokes bank's authority to pay, although if bank pays in ignorance of death, it is protected.

From North Carolina—Will you kindly advise us the law in this state, relative to a bank paying checks of a depositor after said depositor has died, the checks having been drawn and signed by the depositor in question before his death?

Except where a different rule prevails by statute, or in the few states where a check operates as an assignment, the general rule is that the death of the drawer revokes the bank's authority to pay. National Com'l Bank v. Miller, 77 Ala. 168; Second National Bank v. Williams, 13 Mich. 282. Although if the bank pays after the drawer's death, in ignorance thereof, it will be protected.

In a few states there are statutes which permit the payment of checks within a limited period after the drawer's death. For example, in Massachusetts, there is a statute authorizing the bank to pay a check within ten days of its date, notwithstanding the drawer's death, and in Virginia, by statute, a bank can pay any check presented within two weeks after notice of the death of the drawer. But in the absence of some statute of this kind the general rule prevails that death of the drawer revokes the authority of the bank to pay.

I know of no such statute in North Carolina and, under the Negotiable Instruments Act of that state, a check is not an assignment; therefore, in your state the drawer's death revokes the bank's authority to pay his check although if your bank should pay after death of the drawer, in ignorance thereof, it would be protected.

CORPORATE SEAL TO NOTE.

Seal not necessary to validity of corporation note, but use of seal does not affect negotiability.

From Pennsylvania—I enclose you form of note which we have been employing in making loans to Corporations. (The note enclosed is a negotiable form and contains blank for signature of corporation "by ..... President" and "by ..... Treasurer.") Have been asking for impression of corporate seal placed thereupon when executing note. Recently some question has arisen as to use of the Seal on note. Would you favor me with your opinion as to the necessity and if not necessary will its use impair the value of note?

As to the necessity of a corporate seal, it was the ancient rule of the common law that a corporation could act only by its seal; but this rule has long since been dispensed with and it is settled American doctrine that a corporation may make promissory notes and simple contracts without affixing its corporate seal. "The old rule that a corporation cannot make a contract except by the use of its corporate seal is entirely exploded and the rule is that unless

the charter or governing statute requires it, the act of the corporation need not be evidenced by its corporate seal, except where a seal would be required in the case of individuals." 10 Cyc. 1,006, citing among other cases *Hamilton v. Lycoming Mut. Ins. Co.*, 5 Pa. St. 339.

The corporate seal not being necessary to the validity of the note in question you further ask "if not necessary will its use impair the value of the note?" By the law merchant the affixing of a seal to a note destroyed its negotiability although there were some cases in which it was held that this rule did not apply to the note of a corporation bearing the corporate seal. But now the Negotiable Instruments Act expressly provides that "the validity and negotiable character of an instrument are not affected by the fact that it . . . bears a seal."

The use of its seal by the corporation therefore, would not impair the value of the note. It might, in a way, add to its value if the statute of limitations provided a longer period before a note bearing seal was outlawed, than in case of a note not under seal.

#### INTEREST CLAUSE IN NOTE.

Note payable one year from date with ten per cent. interest containing provisions that if interest not paid annually "to become as principal and draw same rate of interest" and to bear "only six per cent. interest if paid when due" is negotiable under decisions in Kansas.

From Kansas—We desire to know if a note like the enclosed is negotiable in Kansas?

\$50.00

B—, Kans., Sept. 18, 1912.

One year . . . . . after date . . . . . we promise to pay to the order of . . . . . John Jones . . . . .  
Dollars . . . . . Value received, payable at the C— State Bank, with interest from . . . . . date . . . . . at the rate of . . . . . ten . . . . . per cent. per annum. Interest payable annually, and if not paid annually to become as principal and draw same rate of interest. The drawers and indorsers hereof severally waive demand of payment, protest and notice of non-payment.

Only 6 per cent. interest if paid when it is due.

Due . . . . . No. . . . .  
P. O. . . . .

The note is negotiable according to the decisions in Kansas. It is everywhere held that the provision waiving demand, protest, and notice does not affect negotiability and the only other question would be concerning the provisions as to interest. On this subject the note provides for payment one year after date.

"With interest from date at the rate of ten per cent. per annum. Interest payable annually, and if not paid annually to become as principal and draw same rate of interest. Only six per cent. interest if paid when it is due."

As to the provision that if the interest is not paid annually it is to become as principal and draw the same rate of interest, it was held in *Gilmore v. Hirst*, 56 Kans. 626, where the note contained a stipulation

that if the interest was not paid when due it should become principal and draw eight per cent. interest, that this provision did not render the note non-negotiable.

With reference to the provision that the note shall bear interest from date at the rate of ten per cent. per annum, but only six per cent. interest if paid when due, such provision likewise under Kansas decisions, would not destroy negotiability.

In *Parker v. Plymell*, 23 Kan. 402, the note promised to pay interest at twelve per cent. after maturity and further provided: "If this note is not paid at maturity, the same shall bear twelve per cent. interest from date." The court held that these words did not destroy the negotiability of the note, as they did not leave uncertain either the fact, the time or the amount of payment. "The effect of the stipulation," the court said, "is no more than that of a promise to pay twelve per cent. from date until paid with a proviso that if promptly paid at maturity, no interest will be required."

See also *Clark v. Skeen*, 61 Kan. 526, where the note was payable by stated installments and contained a provision that upon default in payment of interest, the whole amount should become due immediately at the option of the holder and should then draw a greater rate of interest. The court held the note negotiable.

Under these decisions, the note submitted is undoubtedly negotiable in Kansas.

#### NOTE PAYABLE AT BANK.

Where customer makes note payable at bank, Negotiable Instruments Law provides that instrument is an order to bank to pay same for account of principal debtor thereon—Duty and obligation of bank in case of notes payable "thirty days after date" and "on demand after date."

From Kansas—We herewith enclose two forms of notes, one a time note which we will designate No. 1 and the other a demand note No. 2. (Both notes enclosed are payable to order of William Jones at a designated bank, No. 1 "thirty days after date" and No. 2 "on demand after date".)

Our understanding is that if Mr. Jones the owner of note No. 1 brought this note to us at maturity, and Mr. Smith the maker of the note, had sufficient funds on deposit with us to pay this note, we would be obliged to pay it, if Mr. Jones demanded payment. Is our understanding of this matter correct?

Now suppose Mr. Jones brought us note No. 2 and demanded payment; would the bank be obliged to pay it, at any time Jones demanded payment, providing of course Smith has the necessary funds on deposit?

What, if any, would be the bank's liability, for failure or refusal to pay either of these notes, under the conditions above mentioned?

Both notes are payable to the order of William Jones at the National Bank of P—, Kansas, note No. 1 being made payable "thirty days after date" and note No. 2 "on demand after date."

The Negotiable Instruments Law of Kansas provides:

"Where the instrument is made payable at a bank it is equivalent to an order to the bank to

pay the same for the account of the principal debtor thereon."

Under this law, it would be the duty and obligation of the bank, to pay note No. 1 when presented by Mr. Jones at maturity, provided it has sufficient funds on deposit of the maker. But if it should not be presented until after maturity I do not think it would be the duty and obligation of the bank to pay it without first receiving the express instruction of the maker so to do.

Note No. 2, being payable on demand after date should be presented within a reasonable time and when so presented there would be a similar duty and obligation of the bank to pay. The Negotiable Instruments Law provides that where a note is payable on demand "presentment must be made within a reasonable time after its issue" and the law further provides that in determining what is a reasonable time or an unreasonable time, "regard is to be had to the nature of the instrument, the usage of trade or business (if any) with respect to such instruments and the facts of the particular case."

Whether the reasonable time for presentment of such a note would be the same as for a check, which is also payable on demand, is a somewhat uncertain question. As this note bears interest "at the rate of 8 per cent. per annum from date until paid," such provision might have a bearing on the question. I think however it would be safer for the bank, if the note was not presented within a reasonably short period after date, not to pay the same without express instruction from the maker.

You ask what, if any, would be the bank's liability for failure or refusal to pay either of these notes under the conditions mentioned. The bank would incur no liability to the holder of the note but it might incur liability to the maker, its customer, for dishonoring his paper and injuring his credit where refusal was made of the time note, when presented on the day of maturity and of the demand note when presented within a reasonable time after date of its issue. It is to be regretted that the Negotiable Instruments Law does not fix definitely a precise period of time for presentment of demand paper. I recall that in Massachusetts, before the enactment of the Negotiable Instruments Law in that State, there was a statute which fixed 60 days as the reasonable time in which demand paper should be presented. Later the Negotiable Instruments Law was enacted and that statute was repealed. Thereafter a case came up (*Merritt v. Jackson*, 181 Mass. 69) in which a demand note was not presented for payment until some four months after its date. The action was against the indorser and the court held that 60 days having been the period fixed for a long term of years before the enactment of the Negotiable Instruments Law, that period would be held to be customary so that under the Negotiable Instruments Law unless demand was made within that period the indorser would be discharged. In Kansas, however, I do not know of any custom which would fix the period of reasonable time for presentment of demand paper and, as already said, unless the note was presented at the bank within a reasonably short period, I think it would be better to obtain the maker's express instruction before paying the note when afterwards presented.

#### PAYMENT OF SAVINGS DEPOSIT.

Validity of payment or certification of check against savings deposit when book not produced as provided by by-laws—Discussed with reference to facts of a particular case.

From Pennsylvania—A draws a check to the order of B against his savings account. B is a person of bad reputation in the community; a well-known sporting character, who has no means of livelihood; is well-known as a gambler, and in fact, one who, if he presented a check at a bank, would lead an ordinarily careful man to be suspicious of the circumstances. B has telephoned to the bank and received the information that the bank would honor the check on this savings account provided the number of the bank book was given on the check and the signature was genuine. B endorses the check to C; C takes the check to the bank and asks if it was all right; the bank thereupon, by one of its tellers, certifies the check. The passbook remained in the possession of the drawer of the check who was induced by fraud of B, to sign the check. The passbook provides that the bank will not honor any checks on the account unless accompanied by the passbook. The bank debits the account of the drawer with the amount of the check, whereupon the drawer brings suit against the bank. Questions to be answered:

1. Is it customary to certify savings account checks?
2. Is the bank liable to the drawer for having certified this check without any notice to him and under the circumstances as stated in this case?

Savings deposits are generally received under by-laws or rules printed in the passbook and held binding as contracts between bank and depositor, to the effect that the deposits will not be paid unless accompanied by the book and it is the general practice of banks to pay either the depositor in person or a third person upon a written order of the depositor only upon production of the book which payment will discharge the bank, even if made to a wrong person, provided reasonable care is used.

The case now submitted presents the question whether payment of an order of a savings depositor in favor of a third person would be a valid payment binding on the depositor when made without production of the book, assuming that the bank has used due care and has no notice of any suspicious circumstances connected with the transaction. If payment as above stated would be valid, then certification of the check in the hands of a bona fide holder would be equally chargeable to the depositor, for by that act the bank binds itself to make payment to the holder and discharge the drawer from liability.

There seems to be a dearth of authority on the question presented for in the great majority of transactions, as already said, the passbook is produced; but I find an obiter by the Supreme Court of New Jersey which would indicate that the payment would be valid. The case in which such a view is expressed is *Cosgrove v. Provident Institution*, 64 N. J. Law, 653. In that case the bank's by-laws provided that "deposits and dividends shall be drawn out only by depositors in person, or by their written order, or by some person legally authorized, and only upon production of the depositor's book that such payments may be entered therein and all payments to persons who present the deposit book shall be valid payments to discharge the bank and its officers." In that case

the payment was made to a person, not the depositor, who produced the book and represented that she was the depositor. The court held that the by-law was a contract between bank and depositor and that thereunder a payment made by the bank in good faith and in the exercise of due care to any person who produces the passbook, operates to discharge the bank without regard to whether or not such person is entitled to draw the money. In the course of its opinion the court uses the following language which is especially pertinent to the question we are considering:

"So far the by-law has no bearing upon the terms upon which the bank is to be discharged from liability, for it is manifest that if the bank, notwithstanding this provision of the by-law, should see fit to pay to one of these three classes of persons without the production of the deposit-book, such payment would completely discharge the bank from any liability to pay over again."

According to this view if the bank should pay the check of a depositor to the payee therein named or to an indorsee of such payee, without production of the book, payment would be valid assuming there were no suspicious circumstances to put it on inquiry. And this view seems reasonable for, although the by-law constitutes a contract under which the bank might refuse to pay if it chose without production of the book, still if the depositor issues an order calling for payment without the book and the bank makes payment without its production, it is a case where the parties have mutually waived this condition. The case might be different if the depositor had signed an order to a payee named but had not delivered it and it was stolen by the payee and presented without the book. This would raise the question whether a contract to pay only on presentation of the book, its production not having been waived by the depositor, bound the bank so as to make the payment invalid. But such is not the present case.

Here the depositor issues his check to order of B in negotiable form against his savings account, its delivery to B without the book being a waiver on his part of the necessity of its production and B indorses the order to C, for whom it is certified by the bank. If the necessity of production of the book as a condition of a valid payment is eliminated, the case would stand on the same footing as the issue of any other negotiable check by a depositor on his banker and the bank having certified the check for a holder to whom it has been indorsed, has paid the check so far as the drawer is concerned and assumed a new obligation to the holder. See *Times Square Automobile Co. v. Rutherford Nat. Bank*, 73 Atl. (N. J.) 479 in which it is held that where a check is certified at the request of the holder, the drawer is discharged from liability and a new contract is substituted between holder and bank under which the obligation of the bank is the same as if the funds had been actually paid to the holder, by him re-deposited to his own credit and a certificate of deposit issued to him therefor, and the bank cannot avoid liability by showing that the holder had obtained the check by false pretenses.

If the view taken by the New Jersey court in the Cosgrove case is sound that payment upon a written

order of the depositor without production of the passbook will discharge the bank from liability to pay over again, and I know of no cases to the contrary, the bank in this case had a right to certify the check and charge it to the drawer's account and would not be liable to him for the amount.

In reaching the above conclusion I have assumed (1) that the check was in negotiable form and (2) that the bank had no knowledge of the suspicious character of B to whom it was made payable. Even if the check was not negotiable, I think the bank would be protected if it knew nothing of B's suspicious character for its depositor has ordered it to pay to B and it has paid to an assignee or agent of B by the latter's direction, unless it could be held there was a lack of due care in paying a depositor's non-negotiable order to a transferee of the payee without making inquiry. But if the bank knew of B's suspicious character, then whether the check was negotiable or not, it would seem that due care would require some further inquiry and the bank might not be protected.

You ask whether it is customary to certify savings account checks. I have no positive knowledge on the point but am of the strong impression that it is not customary, that payment of savings deposits are generally made on production of the passbook and that the certification of checks is generally confined to instruments drawn against commercial deposits. At the same time no reason presents itself why certifying such a check for a holder, instead of paying him the money, though unusual, would not be valid equally as if the money had been paid in the first instance.

#### DEPOSIT OF MINOR.

**Parent cannot withdraw deposit to credit of minor without letters of guardianship**—Where state statute provides that such deposit shall be held for "exclusive right and benefit" of minor and "free from control of all other persons except creditors" and "shall be paid" to minor whose receipt shall be a discharge to bank, query (1) as to right of legally appointed guardian to withdraw (2) whether statute would be applicable to a national bank.

From New Jersey—We would highly appreciate your legal opinion and advice upon the following:

Can funds deposited in a bank by a minor boy or girl, who has parents living or with one true parent and one step parent living, be claimed or payment of the same be demanded by either of them from the bank upon such account, if such boy or girl has been expelled from their home or is supporting his or her self or not depending upon said parents?

Could they claim such account if the minor was under their roof or support?

Any information you may give me on the subject of minor account business will be greatly appreciated.

The father or mother has no right to demand or receive payment of the deposit standing to the credit of a minor, whether the latter is under or away from the parental roof, without obtaining letters of guardianship. While the father is the natural guardian, he does not become legal guardian with right to the custody and control of the child's property until duly

appointed and qualified. *Lefever v. Lefever*, 6 Md. 472; *Land v. Pettus*, 11 Ala. 37.

Furthermore, there is a statute in New Jersey which provides that "when any deposit shall be made by or in the name of any minor, the same shall be held for the exclusive right and benefit of such depositor, and free from the control or lien of all other persons, except creditors of such minor, and shall be paid, together with the dividends and interest thereon, to the person in whose name the deposit shall have been made, and the receipt or acquittance of such minor shall be a valid and sufficient release and discharge for such deposit, or any part thereof, to the bank."

The above is Section 17 of the Banking Law of New Jersey and there is a similar provision in the Trust Company Law and also in the Savings Bank Act. According to this provision, it would seem that the only person entitled to withdraw the deposit would be the minor himself because it is free from the control "of all other persons" and I therefore doubt if even a legally appointed guardian would have the right to withdraw the deposit. (See, for

example, *Young's Estate*, 17 Phila. [Pa.] 511 where an estate was devised to trustees with direction to pay the income to minors and it was held their guardians could not require the money to be paid to or through them.) But, however this may be, a parent without letters of guardianship could not in any event claim payment of the deposit to the credit of the minor.

This inquiry comes from a national bank and the further question arises whether the New Jersey statute quoted which provides that the deposit of a minor shall be paid to him and his release to the bank shall be a full discharge, would apply to a national bank as distinguished from a bank organized under the laws of the State. There is no such provision in the National Bank Act and the question is one upon which there might be judicial differences of opinion. If the provision was held not to apply to deposits of a minor in a national bank, nevertheless the general law above stated would still hold true that a parent is not entitled to demand or receive payment of a deposit standing to the credit of a minor without obtaining letters of guardianship.

**T**HE Committee on Constitutional Revision, which was appointed at the Detroit Convention, will meet at the Congress Hotel, in Chicago, on Monday, February 17, 1913. Chairman James of this Committee has been busily engaged since the Detroit Convention in securing information from members of the Council and other sources and formulating a plan which will be submitted to the Committee when it meets in Chicago. Other members of the Committee have been likewise engaged. The Committee is as follows: R. E. James, Chairman; W. J. Bailey, O. E. Dunlap, C. H. McNider, Gordon Jones, Sol. Wexler.

**R**EPRESENTATIVES of banks of New England States and other States adjoining New York, who are interested in the question of exchange charges and the new plan formulated by the New York Clearing House, held a meeting at the offices of the American Bankers Association in New York, for consultation, on February 6th.

#### Have You Got It?

The book of Printed Forms of the Savings Bank Section is still in demand and going nicely. It contains all forms necessary to the operation of a savings bank and its price is \$12 to members and \$18 to non-members of the American Bankers' Association. Orders will receive prompt attention from E. G. McWilliam, Secretary Savings Bank Section, 5 Nassau Street, New York.

#### VOLUME 4 OF THE JOURNAL-BULLETIN.

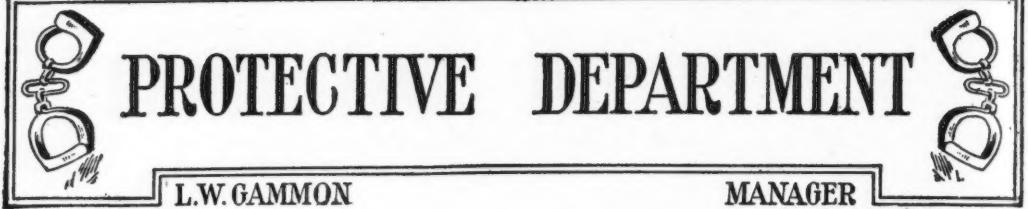
**V**OLUME 4 of the JOURNAL-BULLETIN is composed of the twelve numbers commencing with July, 1911, and ending with June, 1912, together with a general index compiled in alphabetical order under various headings, so that it makes a useful book for ready reference. Several copies of this volume have been handsomely bound in three-quarter leather to match previous volumes. Anyone desiring such bound copies can obtain same at cost (\$2.50) by advising this office. We have also on hand a few copies of Volumes 1, 2 and 3.

Those who desire to preserve the JOURNAL-BULLETIN in bound form, and are in need of any numbers to complete Volume 4, can be supplied from our surplus files until our supply is exhausted.

**T**HE Association has on hand a limited number of its publications in excess of its requirements, and will be pleased to mail any of these documents, free of charge, to such of its members as may desire them. These requests will be filled in the order of application, until the exhaustion of the supply.

Many of the books are bound in three-quarter leather and contain valuable addresses and reports.

The Annual Proceedings of the following Sections may be secured: Trust Company Section, years 1900, 1903 and 1908; Savings Bank Section, years 1904, 1907, 1908 and 1909.



# PROTECTIVE DEPARTMENT

L.W. GAMMON

MANAGER

## OFFICES OF THE WILLIAM J. BURNS NATIONAL DETECTIVE AGENCY, INC.

CALIFORNIA, LOS ANGELES.—Walter P. Story Building.  
 CALIFORNIA, SAN FRANCISCO.—First National Bank Building.  
 COLORADO, DENVER.—First National Bank Building.  
 GEORGIA, ATLANTA.—Empire Life Building.  
 ILLINOIS, CHICAGO.—First National Bank Building.  
 LOUISIANA, NEW ORLEANS.—Whitney Central Building.  
 MARYLAND, BALTIMORE.—Munsey Building.  
 MASSACHUSETTS, BOSTON.—201 Devonshire Street.  
 MICHIGAN, DETROIT.—Ford Building.  
 MINNESOTA, MINNEAPOLIS.—McKnight Building.  
 MINNESOTA, ST. PAUL.—New York Life Building.  
 MISSOURI, KANSAS CITY.—Midland Building.  
 MISSOURI, ST. LOUIS.—Frisco Building.

NEW YORK, BUFFALO.—White Building.  
 NEW YORK, NEW YORK CITY.—21 Park Row.  
 OHIO, CLEVELAND.—Rockefeller Building.  
 OREGON, PORTLAND.—Yeon Building.  
 PENNSYLVANIA, PHILADELPHIA.—Real Estate Trust Building.  
 PENNSYLVANIA, PITTSBURGH.—Commonwealth Building.  
 TEXAS, HOUSTON.—Union National Bank Building.  
 WASHINGTON, SEATTLE.—Hinckley Block.

**CORRESPONDENTS OF THE WILLIAM J. BURNS NATIONAL DETECTIVE AGENCY, INC.**  
 IOWA, DES MOINES.—The Gust. J. Patek Detective Agency, 515 Mulberry Street.  
 ENGLAND, LONDON.—Arrow's Detective Agency, 89 Chancery Lane.  
 FRANCE, PARIS.—Calchas & Debischop, 15-17 Rue Auber.

**T**HE following is a report for the month of January, 1913, pertaining to the work of the Protective Department:

### WARNING.

A. F. Thiel, alias A. F. Cronje, is wanted by our Association for a forgery against a membership bank of Mobile, Alabama. Thiel usually poses as either a United States Secret Service Operative or a member of the United States Engineering Corps and in some instances, operates by gaining the confidence of a substantial depositor. He will then draw a draft on a New York bank using the influence of the depositor to check against the same, if he be permitted to do so. Failing in this procedure Thiel will resort to forging the name of the depositor whose friendship he has gained.

Thiel is either a German or a Transvaal Hollander and claims to be a veteran of the Boer War and a nephew of General DeWitt of Boer War fame. These statements are borne out to some extent by what purports to be a bullet wound in the middle of his throat, he having a tube inserted in his throat.

His description is as follows: Age, 30 to 32 years; height, 6 feet 1 inch; weight, 200 to 210 pounds; build, heavy; complexion, fair; eyes, blue; hair, light sandy brown; occupation, presumably an electrician; nativity, German or Dutch; clothes in slouchy condition; military bearing. Wears an engineer's button; has gold tooth in side of mouth, upper jaw; extremely large feet. See JOURNAL, August, 1910, page 85.

A Eureka, California, bank member, reports having paid a forged check written by J. T. Quick, alias Tom Quick, on November 3, 1912. The forgery was not discovered until December 3, 1912. The check bore not only the forged signature of a customer of the bank but also the forged endorsement of the payee, a prominent rancher of Humboldt county, California. Quick, who was employed as a painter by the Northwestern Pacific Railroad and who is most likely to be found working at car or automobile or similar lines of painting, disappeared immediately after the cashing of the check.

The California Bankers' Association is co-operating with this Association in an effort to bring about the arrest of Quick. The chief of police at Eureka, California, holds a warrant for Quick, whose description is as follows: Age, about 40 years; height, 5 feet 10 or 11 inches; weight, about 190 pounds; build, stout; eyes, blue; hair, sandy or reddish; complexion, fair, smooth shaven; occupation, painter; chews tobacco constantly, drinks and gambles. Member of Loyal Order of Moose and wears an emblem of that order on the lapel of coat. Native of Virginia. When

last seen wore a blue or brown sack suit and a black derby hat.

Ellis Level, alias E. T. Hubbard, is wanted for defrauding a bank member of Los Angeles, California, by means of three forged checks. Ellis Level is the same party, who in March of last year, acting with his brother, who was then paying teller of a bank member at Los Angeles, California, stole \$5,000. That case was settled by the bonding company and both Ellis and his brother, Merrill Level, were released.

The California Bankers' Association is co-operating with this Association in an effort to bring about the arrest of Level.

His description is as follows: Age, 30 years; height, 5 feet 9 1/2 inches; weight, 170 pounds; build, stout; complexion, swarthy; eyes, dark; hair, black, combed flat and oiled down; smooth shaven; usually wears shirt with soft collar, fluffy bow tie, blue suit, always wears tan shoes; sporty appearance.

Robert Edward Thompson is wanted for forgery committed on a bank member of Redondo Beach, California. For several years Thompson has worked on the fire departments of most every Pacific Coast city and is supposed to be in San Francisco, or farther north at the present time. A warrant for his arrest is at present in the hands of the sheriff at Portland, Oregon.

Thompson's description is as follows: Age, 24 years; height, 5 feet 9 inches; weight, 150 pounds; hair, black; eyes, gray blue; red cheeks and lips, large white regular teeth; wears blue serge suit, low shoes, soft brown or black hat, and heavy gray overcoat, also has black and brown striped suit and wears black derby.

The California Bankers' Association is co-operating with this Association in an effort to bring about the arrest of Thompson.

A San Francisco bank member was defrauded through a bogus draft drawn on a New York bank by a man named George Elroy Crane. Crane and his wife arrived at San Francisco about the middle of December, 1912, and stopped at one of the leading hotels.

Crane was introduced at the bank by one of its large depositors, a woman whom he had met on the train to California, and he left a draft for collection. He then drew checks which he succeeded in cashing. The draft was returned marked "no funds" and when presented with the return draft said there was a mistake in the branch of the bank to which it was sent. The draft was again returned to New York. On January 13, 1913, Crane and his wife left the hotel without settling their bill and have not been heard from since.

Crane is described as follows: Age, 48 years; height, 5 feet 10 inches; weight, 170 pounds; complexion, rather pale and sallow; hair, light brown, mixed with gray; mustache, brown, mixed with gray, unclipped and medium long; puffy under eyes from use of drugs; smokes ready-made cigarettes through a holder continuously; drinks a large quantity of whiskey and always asks for "Green River" brand; teeth are bad and crooked in front; has a very aristocratic manner and is a good talker; dress, wears a dark mixed suit and a dark fedora hat.

The California Bankers' Association is co-operating with this Association in an effort to bring about the arrest of Crane.

A loss by means of three forged checks was reported by a membership bank of Milton, Florida, the criminal in the case being one C. H. Jones, who is described as follows: Age, 5 feet 2 or 3 inches; weight, 145 pounds; build, stocky; complexion, dark; eyes, dark; hair, black.

A member bank of Chicago, Illinois, reports that a party using the name of John Gibson is passing stolen bank money orders numbered 56400 to 56499, drawn on the Bank of Toronto, Winnebago, Canada, remitter W. A. Windatt to the order of John Gibson, signed C. H. Leach, Manager, James Shields, Teller, endorsed John Gibson. It is reported that this man succeeded in cashing one of these orders No. 56424 at Duluth, Minnesota, January 17, 1913, in the sum of \$45.00. On January 18, 1913, another of these checks No. 56409 was cashed at the McGee Hotel, St. Paul, Minnesota, in the sum of \$45.00.

The man's description is as follows: Age, about 27 years; height, 5 feet 9 inches; weight, 140 pounds; complexion, fair, ruddy; build, slender; hair, medium light chestnut; eyes, light; nose rather long. Appears sleepy. Talks with slow drawl, English Canadian accent. Sore, chapped hands. Wore gray overcoat and gray checked cap.

The operations of a gang of swindlers who are passing bogus drafts, purporting to be on distilling firms of Baltimore, Maryland, have been reported in the vicinity of Chicago a number of times.

Their mode of operation is to represent themselves as traveling salesmen for a distilling company, soliciting orders, incidentally making inquiries in regard to the arrival of Eastern mails and learning this they ostensibly go to the post office and return to the bank or business house and open a letter in the presence of their intended victim. This letter purports to be from the company and congratulates them on the business done. The letter also contains a bogus draft, which they display, and after asking their intended victim to read the letter, they request that the draft be cashed.

Recently they have operated in Illinois, Indiana, Missouri and Wisconsin, and are now using drafts purporting to be those of the Thomas G. Carroll & Son Company, Distillers and Importers, Baltimore, Maryland. The drafts are in an amount of \$100.00 and are drawn on the Commercial National Bank of Baltimore, Maryland.

Their description follows: No. 1—Age, 45 to 50 years; height, 5 feet 7 or 8 inches; weight, 175 to 180 pounds; build, stout; hair, gray, streaked; face, pock-marked, upper gold teeth. No. 2—Age, 50 to 55 years; height, 5 feet 10 inches to 6 feet; weight, 190 pounds; complexion, ruddy; hair, gray, short; fluent talker, well versed in liquor business.

We do not know of any bank member having been defrauded by the operations of these swindlers.

A man using the name of J. William Prince, claiming to be an Elk affiliated with Lodge No. 2, Philadelphia, Pennsylvania, and being a traveling representative for the Michigan Cut Glass Company, defrauded a hotel keeper in Macomb, Illinois, on January 2, 1913, on a bogus draft. He is described as being about 33 to 35 years of age; 5 feet 6 or 7 inches tall; medium build; light complexion; smooth shaven; very pleasant manner; and good dresser.

A bank member at Paxton, Illinois, reports a young man using the name of Clarence Hall, who drew a check against their bank, which he succeeded in having cashed by a merchant at Clarence, Illinois.

He is described as being 16 to 18 years of age; 5 feet 8 inches tall, and weighing about 150 pounds. Is of slender build and has dark eyes.



E. M. DeAHNA.

Two membership banks at Metropolis, Illinois, report losses through the operations of one E. M. DeAhna, alias J. E. Fortner, alias Edward M. Dana, whose photograph is reproduced above. During a part of the year 1912 DeAhna was employed as secretary and campaign manager by J. B. Blackman, of Harrisburg, Illinois, a Republican candidate for Congress. In December, 1912, he cashed a draft at one of the Metropolis banks and a check at the other, both bearing the signature of Mr. Blackman which we found to be forgeries. In the meantime DeAhna disappeared.

It later developed that DeAhna is a paroled convict, having been released from the Joliet, Illinois, penitentiary, in December, 1908. He also has served time in the West Virginia and Texas penitentiaries. When he decamped he probably had with him a number of blank checks of a bank member at Harrisburg, Illinois, and a rubber stamp fac-simile of the signature of J. B. Blackman. Since DeAhna left Metropolis several other irregular transactions in which he was connected have come to light.

DeAhna is described as follows: Age, 45 years; height, 5 feet 9 1/4 inches; weight, 155 pounds; build, slender; complexion, medium dark-sallow; smooth shaven; often scowls and wrinkles in forehead are quite noticeable; eyes, gray; wears glasses; hair, brown; occupation, printer, bookkeeper and newspaper man; has a good education and is handy with the pen; has good manners and dresses fairly well. Bertillon: Hgt., 1.77.0; O.A., 1.78.0; Tk., 94.9; F.A., 48.0; H.L., 19.7; H.W., 15.3; L.F., 27.7; L.M.F., 11.9; L.F., 9.1. Scars and marks: Red mark on lower back of head in hair. Scar front left forearm. Blue ink mark on left forearm. Dim scar corner right eyebrow. Scar right lower lip.

Following is specimen of this man's handwriting:

*E. M. DeAhna*

A member bank at Indianapolis, Indiana, reports that one Henry H. Smith has obtained a cashier's check, No. 18358, dated January 9, 1913, for \$2,500.00. This check was obtained through fraud. Banks are warned to be on the lookout for the presentation of this check. Smith is described as being 45 years of age, and about 5 feet 8 inches tall. Has dark hair and sandy mustache.

During the early part of January, a man named J. W. McRae entered a membership bank in Council Bluffs, Iowa, and secured a sum of money by means of worthless drafts. He succeeded in getting a depositor at the bank to endorse them for him. One of the drafts was drawn on John Garvin of Muskogee, Oklahoma, signed J. W. McRae, and the other drawn on J. W. McRae. These drafts proved to be worthless. J. W. McRae is purported to be with an insurance company of Council Bluffs, Iowa, and his description is as follows: Height, 6 feet; weight, 160 pounds; hair, brown; pointed face; build, slender; nationality, Scotch.

This bank and its depositor who endorsed these drafts are willing to prosecute McRae and the matter has been turned over to our detective agents at Kansas City for their attention.

The depositor was not able to make good the amount secured. The Iowa Bankers' Association is co-operating with this Association in an effort to bring about the arrest of McRae.

A bank member in Des Moines, Iowa, reported the forgery of a check. Our Detective Agents have established the identity of the forger and expect to cause his arrest in a few days. The Iowa Bankers' Association is co-operating with this Association in an effort to bring about the arrest of the guilty party.

A man giving the name of C. B. Bell, entered a non-membership bank at Alta Vista, Kansas, on December 24, 1912, and passed a check drawn on a bank at Barnard, Kansas. Bell succeeded however, in securing an endorser on the check, so the bank is probably not the loser.

Bell is a balloon man and has made ascensions in different parts of Kansas; also claims to have an interest in a flying machine at Barnard; he is described as follows: Age, 23 years; height, 5 feet 10 inches; weight, 155 pounds; build, slender; complexion, fair; eyes, blue; hair, brown; gold in front teeth.

A young man entered a membership bank in Lawrence, Kansas, on January 13, 1913, and represented himself as being Roy D. Adams, of Newton, Kansas, and said that he had come to attend the State University and desired to transfer his account from a bank in Newton to the one in Lawrence. He produced a bank book showing a balance on deposit at Newton and drew a check which he deposited in the bank at Lawrence, receiving a deposit book showing the same to his credit.

He immediately drew a check against the account and left the bank. During the day he called at several local merchants and succeeded in obtaining considerable goods for which he paid by check. In many instances he received money in change. It later developed that Adams had no account in the Newton bank.

A member bank of Hopkinsville, Kentucky, advises of the operations of a man known as George B. McClellan, who on January 3, 1913, defrauded their bank by use of two bogus checks.

His description is as follows: Age, 38 years; height, 5 feet 7 inches; weight, 150 pounds; complexion, dark; hair, dark; eyes, brown; scar down center of upper lip to mouth.

This man has previously been employed as a sales specialty man and was recommended by the American Special Sales Company of Atlanta, Georgia. He recently made special sales at Richland, Georgia; Atlanta, Georgia; Hopkinsville, Kentucky; Grand Rapids, Michigan. He was last seen at Evansville, Indiana, on January 5, 1913, and it is believed he went to Chicago.

A bank member of South Haven, Michigan, reports a forgery by one Herbert Mellus. Our detective representatives learned that Mellus formerly lived in Milwaukee, Wisconsin, but has left for parts unknown, most probably Texas.

A man using the name of W. H. Allen entered a membership bank in Kansas City, Missouri, on Decem-

ber 26, 1912, and drew a draft on a Chicago bank. Allen was previously employed in a department store in Kansas City, Missouri, and when he went to the bank, he took with him a Miss Burke, who was employed there at the same time and with whom he was acquainted. Miss Burke was acquainted with the teller of the bank at which the draft was drawn and for this reason Allen's draft was cashed. Allen is described as follows: Age, 25 years, looks younger; height, 5 feet 7 inches; weight, 130 pounds; eyes, gray blue; hair, blonde; complexion, fair; clean shaven.

Miss Burke endorsed the draft and on account of being a depositor there, the bank will not lose in this case; however, our detective agents are looking after the matter in a general way and we hope to cause this swindler's arrest.

A pay check of the Missouri and Kansas Telephone Company, made out to M. E. Major of Wichita, Kansas, was passed at a membership bank in Kansas City, Missouri, on December 21, 1913. The check was endorsed by the assistant treasurer of the Missouri and Kansas Telephone Company and was evidently stolen after having been made out. The endorsement on the back was the only part of the check that was forged.

A young man giving the name of Morris J. Loeb, Jr., and claiming to be the son of Mr. Loeb of the firm of Kuhn, Loeb and Company of New York City, was a guest at the Jefferson Hotel, St. Louis, Missouri, from Christmas Day until New Year's Eve, and during that time passed several bogus checks on citizens and one on the hotel. He was said to be a very dapper appearing young man and no one seemed to doubt his identity.

In the latter part of November, 1912, three checks were stolen from the back of a check book of the Central Plumbing and Heating Company in Omaha, Nebraska. These three checks were made out in fictitious names and the name of the manager, Mr. Byrnes, was forged to them. These checks were all cashed at local saloons and by them deposited in a membership bank in Omaha, who failed to notice the forgeries until the checks had been returned to the Central Plumbing and Heating Company.

The matter was turned over to a representative of our Kansas City detective agents and an investigation developed that the work was probably done by a man named J. M. Brown who worked a day or two for the Central Plumbing and Heating Company and was paid by check. Brown is described as follows: Age, 21 to 23 years; height, 6 feet; build, slender; hair, dark; eyes, blue; face, peaked; shabbily dressed.

Three checks for \$15.00 each made out on a blank check of the Twin City Express Company, Omaha, Nebraska, were passed on a membership bank at that point, on December 17, 1913. The signature of H. M. Laubach, manager of the Twin City Express Company, was forged on these checks, which were all cashed in saloons at that point, and by the saloons were deposited in the bank.

The matter was turned over to a representative of our detective agents and upon investigation it was learned that the above was the work of a man named J. W. Sweeney to whom the checks were made payable and who at one time did a little work for the Twin City Express Company. He was left in the office at one time while the bookkeeper went into an adjoining room and it is supposed that it was at this time the checks were stolen.

A bank member at Brown Station, New York, was recently defrauded by a Russian named Teodor Oakulycz, alias Frank Okusky, who secured the savings of a fellow countryman by means of a forged order. The forger is a laborer by occupation and in appearance, about 24 years of age, 5 feet 4 inches in height, 140 pounds in weight, slight of build, brown hair, with face full of pock marks and pimples.

Ben Valntoski recently defrauded a member at Kensal, North Dakota, by means of a raised check. A warrant has been issued for Valntoski's arrest. He is 23 years of age; 5 feet 9 inches in height, and weighs 140 pounds; smooth shaven, light complexion. He has been employed in steel mills.



GEORGE LUNDY.

A warrant has been taken out for the arrest of George Lundy, alias Tom Ford, for defrauding a membership bank at Edgeley, North Dakota. Lundy, who is a negro, is described: 30 years of age; 5 feet 6 inches tall; weighs 150 pounds; smooth round face; wears glasses.

A bank member at Ashtabula, Ohio, reports that they have been receiving bogus checks payable to John Hayes. Our detective agents have identified this swindler, who operated in Sandusky, Ohio; Toledo, Ohio; Capac, Michigan; Port Huron, Michigan; New Albany, Indiana, and Bowling Green, Kentucky. He has been using the aliases J. C. Barnes and J. H. Hoagland.

He is described as follows: Age 33 years; height, 5 feet 11 inches; weight, 180 pounds; build, medium slender; complexion, medium light; hair, light brown; eyes, blue; occupation, painter.

So far as known no membership banks have been defrauded. The police of Sandusky, Ohio, hold a warrant for his arrest.

A bank member of Cincinnati, Ohio, reported that they had been defrauded by means of worthless checks cashed by a swindler using the name of Rev. C. H. Evans. This swindler has been using checks drawn on Rochester, N. Y., and Fort Wayne, Indiana, banks.

He is described as follows: Age, 40 years; height, 5 feet 10 inches; weight, 150 pounds; complexion, fair; fast talker. Has the appearance and actions of a minister.

A bank member of Cleveland, Ohio, reported that they had been defrauded by means of a bogus check cashed by one M. Hershowitz.

A party using the names of Harry Ainsworth and Harry L. Campbell has been passing bogus checks drawn on a member bank at Cuyahoga Falls, Ohio. These checks have been cashed at Canal Dover, and Akron, Ohio. So far as known no membership banks have been defrauded.

Bogus checks are reported drawn on a bank member at Oklahoma City, Oklahoma, in the name of Stewart Brothers, wholesale dry goods dealers of that city. The identity of this operator is still unknown but there is no such firm in Oklahoma City. The checks are made out on a specially printed form apparently for some mythical expense account of the man who presents it.

Two young men entered a membership bank at Tulsa, Oklahoma, on November 11, 1912, and presented a check dated November 8, 1912, and requested that the teller give them a draft for the check, as they were leaving the city and did not want to carry the money. Their request was complied with and it later developed that the draft was cashed at a gambling hall in Tulsa where the young men were playing roulette.

The men are described as follows: No. 1—Age, 26 years; height, 5 feet 6 1/2 or 7 inches; weight, 125 to 130 pounds; complexion, light; eyes, blue; hair, light; smooth shaven; wore black derby hat and dark clothes. No. 2—Age, 26 to 28 years; height, 5 feet 8 or 9 inches; weight, 160 to 170 pounds; complexion, medium dark; hair, dark; smooth shaven; wore dark clothes. A warrant has been sworn out and these men will be prosecuted if apprehended.

An individual giving the name of Charles Hayes and posing as the son of H. P. Hayes, a road engineer, succeeded in swindling the St. Joseph Hospital of Fort Worth, Texas, as well as Dr. Webb Walker, a well known physician of that city on December 19, 1912. Hayes was an inmate of the above named institution for a couple of weeks and after leaving the place tendered a check to the institution drawn on a bank member in which he had no account. Hayes also succeeded in securing \$55.00 from Dr. Walker by securing the physician's endorsement on one of the same checks. Hayes left Fort Worth right after this occurrence and nothing has been heard of him since. He claimed to be a member of the Council Bluff Elk Lodge, wore a large diamond ring and an Elk pin.

A party using the name Arthur K. Johnson, and claiming to be a representative of the T. A. Cusack National Bill Posting Company of St. Louis, Missouri, on January 2, 1913, defrauded several merchants at Waxahachie, Texas, on bogus checks drawn on a St. Louis bank member. Description: About 50 years of age; 5 feet 10 inches to 6 feet tall; slender build; weight, about 155 pounds; smooth shaven; ruddy complexion; left eye out; may wear glass eye; wears glasses; dressed in blue serge sack suit, manufactured by Hirsch-Wickwire Company of Chicago; light colored hat made by Harris-Polk Hat Company in St. Louis, this appearing on sweatband. The Durham Dry Goods Company of Waxahachie also appearing on sweatband: patent leather button shoes, kid tops, made by Ralston, this name appearing on strap; also the name Durham Dry Goods Company stamped on inside of left shoe. This clothing was all new, being purchased from the Durham Dry Goods Company on January 2, 1913.

A bogus check operator has recently left his record in Washington State. His correct name is Russell R. Seidler. In one instance he drew a bogus check on an Ohio bank and cashed same at a Washington state bank. Several other bogus checks for small amounts were also issued by Seidler, one of which was cashed at a bank, one in a barber shop, one in payment of his hotel bill, and another was cashed by a merchant.

Seidler is about 30 years of age; height, 6 feet; weight, about 150 pounds; slender build; smooth shaven; nose very prominent; Seidler bears scars on the two first fingers of his right hand caused by a severe burn from an electric wire. His home is supposed to be in Lima, Ohio. He was married in November, 1912, to a lady then living in Wenatchee, Washington.

He represented himself to be experienced in the ice making business, and up until the time confidence was destroyed in him at Wenatchee, Washington, he had been planning to construct an ice making plant in that city. He also claims to be active in the automobile racing field, and had boasted that he and Barney Oldfield are intimate friends.

Early in January, three member banks in Charles-ton, West Virginia, made complaint that they had been defrauded by a foreigner believed to be a Russian Pole who represented himself to be a depositor at the different banks and used the name of a depositor.

He is described as follows: Age, 29 years; height, 5 feet 6½ inches; weight, 160 pounds; build, stocky; eyes, dark blue; complexion, dark; hair, dark; smooth shaven; wore dark double-breasted sack suit, soft hat; appearance, slovenly; nose turned sidewise at end.

A specimen of Kavaskalwicz's handwriting is reproduced below.

*Walter Kavaskalwicz*



ARTHUR WASHINGTON.

About the middle of January, a member bank of Charleston, W. Va., reported to the Pittsburgh office of our detective agents that they had been defrauded through a forged check by Arthur Washington, a negro.

Description: Age, 30 years; height, 5 feet 11 inches; weight, 190 pounds; build, heavy; complexion, copper color; smooth shaven; wore gray suit, soft hat, and overcoat with a Persian lamb collar.

A specimen of Washington's handwriting appears below.

*R. A. Smith*  
*Ten Dollars*  
*10.00*

A member bank of Racine, Wisconsin, reports the operations of a young man giving the name of J. B. Walker, alias B. Lewis, who represents himself as an agent of the Case Automobile Company. This party makes drafts on the J. I. Case Company of Racine, Wisconsin, for amounts from \$5.00 to \$25.00. He succeeds in having these cashed or endorsed by implement dealers. The drafts are bogus.

Late in December, 1912, a member bank of Grafton, West Virginia, made complaint to the Pittsburgh

office of our detective agents that they had been defrauded through cashing a forged check. Investigation developed that Walter Reaser of Weston, West Virginia, a man employed in the oil fields in that vicinity, was responsible for the forgery.

He is described as follows: Age, 40 to 45 years; height, 5 feet 10 inches; weight, 200 pounds; build, stocky; eyes, gray; complexion, ruddy; hair, dark, streaked with gray; smooth shaven; wore dark clothes, derby hat, no overcoat.

A specimen of Reaser's handwriting appears below.

*A. B. Smith*

*Walter Reaser*

The following arrests and court actions are not included in the statistics as reported, since they do not directly affect members of the Association. Their publication together with other data being a precautionary measure:

William J. Blue, who was apprehended in Milwaukee, Wisconsin, on January 14, 1913, for passing worthless checks on merchants, on January 20, 1913, pleaded guilty to a charge of forgery and was sentenced to one year at hard labor in the Wisconsin State Penitentiary.

E. A. Brown, alias C. A. Berry, alias E. P. Holt, alias C. E. Martin, reported on page 764, JOURNAL, June, 1912, and on page 180, JOURNAL, September, 1912, pleaded guilty to a charge of forgery at Louisville, Kentucky, and received an indeterminate sentence of one to five years in the Kentucky State Penitentiary. He is not known to have defrauded any bank member.

Irving Brown, alias C. W. Smith, who was apprehended in Mt. Clemens, Michigan, for passing worthless checks on local merchants, was brought to trial January 18, 1913, and pleaded guilty to the charge of passing worthless checks. He was sentenced to serve from five to ten years at Ionia, with a recommendation of ten years. JOURNAL, December, 1912, page 383.

On December 27, 1912, the San Francisco office of our detective agents received a telephone message from the Sheriff at Stockton, California, that a man using the name George B. Coleman had forged a check in that city. The Sheriff said that the handwriting of George B. Coleman resembled that of Hugh Coleman, who forged a check on a Macon, Mississippi, bank member, and was reported in the JOURNAL for August, 1912, page 112. The Sheriff at Stockton gave a description of George B. Coleman and it tallies in many respects with that of Hugh Coleman. It is very probable that Coleman is now working on the Pacific Coast.

George Donahue and Charles Lenzen, arrested for holding up at Noonan, North Dakota, bank, non-member, have been sentenced to serve terms of seven and one-half years and twenty years, respectively.

Herbert E. Meusell, giving his age as 25 years, was arrested by city detectives at St. Louis, Missouri, January 15, 1913, on complaint of the authorities of Los Angeles, California, where it is said he is wanted for defrauding business men of that city by means of worthless checks. He is to be returned to Los Angeles for trial.



C. MILLER.

C. Miller, alias C. Mollin, C. Moore, C. Mason, W. C. Mason, C. Mayer, C. Maples, C. Morrell, C. Morris, etc., who has been issuing a series of bogus certified checks drawn on various bank members of the Association, was arrested on December 27, 1912, in Phoenixville, Pennsylvania, by the local authorities. As far as known, Miller never defrauded a bank member, but many local merchants in towns throughout New York, New Jersey and Pennsylvania were victims of his criminal operations. See JOURNAL, March, 1912, page 567.

Miller's photograph is reproduced above. He is described as being 35 years of age, 5 feet 9 inches in height, 160 pounds weight, stocky build, chestnut hair, light eyes, light complexion, smooth shaven, with drooping face. We publish his picture and description above for the purpose of identification. Members having knowledge of this man's operations against their customers should submit picture for identification and request that warrants be lodged with the authorities of the Eastern State Penitentiary, Philadelphia, Pennsylvania, to which Miller was sentenced for a period of from eight to ten years on four counts charging forgery.

Specimens of this operator's handwriting are shown below. His checks were usually for \$20.00 or \$25.00.

Quinn Miller, alias H. T. Carney, was arrested in Portland, Oregon, on January 16, on the charge of white slavery. In his possession was found currency to the amount of \$8,600.00. This money was obtained by Quinn Miller through means of forged checks, obtained by him while working for the Buckham Springs Lithia Water Company at San Diego, California. He formerly worked for this concern. He has been returned to San Diego and is now awaiting trial. The bank in this matter was not defrauded, as they held the Buckham Springs Lithia Water Company responsible for the amount of the checks.

Knox W. Morris was arrested at Georgetown, Texas, by the Sheriff of Williamson County on the complaint of several merchants who claim to have been defrauded through his operations. While in the office of the Sheriff shortly after his arrest, Morris made his escape by jumping through a window, cutting himself severely.

Morris claimed that he was preparing to enter the Southwestern University at Georgetown, and made

the acquaintance of several merchants, whom he succeeded in having cash checks for him, that later proved valueless. The checks so issued being drawn on a bank member.

Morris' description is as follows: Age, 21 or 22 years; height, 6 feet 1 inch; weight, 175 or 180 pounds; hair, dark red, nearly black, inclined to be curly; stands erect; wears nose glasses. Had on Walk-Over button shoes. Had Cameo stick pin in tie. Frequent pool halls and houses of ill repute. At the time of his arrest there was taken from him a credential railroad book purchased at Muskogee, Oklahoma, June 27, 1912, signed J. A. Ostrom. There was also taken from him a Bible with the name of James Leroy Ostrom inscribed on back of book.

We are informed by our detective agents at Boston, that Abbie L. Moulton of No. 36 Falmouth street, Boston, Massachusetts, has been arrested on a charge of forgery; this charge being brought by a depositor of a membership bank at Boston, Massachusetts. This bank, on receipt of checks, immediately refused payment. The Moulton woman was placed under arrest on January 18, 1913, and on January 20, 1913, was arraigned in court at Boston and committed to the women's prison at Sherbourn, Massachusetts, for an indeterminate period.

William A. Paulson, formerly president of the Old Central Illinois Trust and Savings Bank, which failed in 1906, was arrested in Chicago, January 3, 1913, on two charges of forgery and one of embezzlement. At the time of the failure of the above named bank there was a great deal of excitement and many stories were current of the improper manipulation of the bank's funds.

Philip S. Redmon, alias Joe Anderson, was arrested in Los Angeles, California, on January 16, 1913, for passing a forged check on a customer of a bank member of that place. After making a complete confession of this forgery, it was learned that Redmon was on a five years' probation from Folsom, California, Penitentiary, for the same offense. He will be returned to Folsom to serve the balance of his five-year term.

A member bank of Chicago reported a number of worthless checks drawn against their bank by a person who succeeded in defrauding a number of merchants. The bank did not sustain any loss in these transactions. The matter was referred to our detective agents who succeeded in having Tom Smith and his wife arrested on a charge of forgery. It developed that Smith is an ex-convict, having served two terms in the Illinois State Penitentiary and is now under parole on a forgery charge. There are three distinct cases against him and two against his wife.

#### ARRESTED.

C. A. Anderson, wanted in connection with forgery committed on a bank member at Shreve, Ohio, gave himself up.

E. S. Armstead, alias Sam Sweeney, alias E. S. Burns, who escaped from the State Reformatory at Buena Vista, Colorado, in company with E. F. Kelly, another prisoner, January 10, 1913, was apprehended the following night. Armstead's previous arrest and conviction were reported in JOURNALS of November, 1912, page 318, and January, 1913, page 458.

E. W. Booker, wanted for operating against two Missouri state banks, members, was arrested recently at El Paso, Texas, charged with a number of forgeries committed at that place.

Wilbert Chapman, wanted for defrauding an Aberdeen, South Dakota, bank member of the Association by means of a raised check, has been located and returned to Aberdeen by the county authorities.

G. T. David, who gave several bogus checks to a membership bank at El Centro, California, was placed under arrest at Maysville, Georgia, at the request of our detective agents on January 24, 1913. This matter was reported to our detective agents on January 15, 1913, and David left such a plain trail that he was quickly located after securing the cash through his criminal transactions in El Centro. The California Bankers Association co-operated with this Association in effecting this operator's apprehension.

About the middle of January a member bank in Charleston, West Virginia, reported that they had been defrauded by means of a forged draft. Our detective agents immediately took up the case, and on January 23, 1913, caused the arrest of one Joseph Graham of Charleston, West Virginia, who was positively identified by the paying teller of the bank as being the man for whom he cashed the draft. Graham will be given a hearing before a United States Commissioner at Charleston, West Virginia.

Description: Age, 33 years; height, 6 feet; weight, 180 pounds; build, medium; eyes, gray; complexion, fair; hair, light; sometimes wears a mustache.

A specimen of Graham's handwriting is reproduced below.

A young man giving the name of William Harris, on January 13, 1913, attempted to defraud a bank member at St. Louis, Missouri, on a forged check, and was arrested by the local police department and is being held; his case being taken under advisement by the Circuit Attorney's office.

A membership bank of Mobile, Alabama, recently reported a loss through the acceptance and crediting of a worthless check. This check was deposited by one R. F. Harrison. Harrison proceeded to draw against this worthless check, the bank accepting the withdrawals in good faith, inasmuch as their former business relations with Harrison extending over a term of three years had always been satisfactory. This matter was handed over to our detective agents for their attention with the result that Harrison was arrested January 16, 1913, at Louisville, Kentucky.

Alfred Samuel Hemmington, who forged a number of stolen pay checks on various bank members throughout the country, was apprehended in Chicago, Illinois, December 14, 1912, and returned to Pontiac, Michigan, for trial. JOURNAL, December, 1912, page 383.

At Fort Worth, Texas, on December 18, 1912, "Skeet" Hickman, a negro, obtained a sum of money on a check, cashing same at a bank member where he was known by the paying teller from the fact that he had been in the habit of cashing checks at this institution for some time.

Hickman was in the employ of a local hotel as porter, and in this capacity was frequently sent to the bank by the clerks of the hotel to cash checks for customers. On this latter occasion Hickman forged the name of W. M. Wright to a check, receiving the money. It later developed that this check was forged and Hickman's arrest followed, the money being found in his possession when arrested. Hickman is in the county jail awaiting trial.

A party using the name of Walter Isaacs attempted to swindle a bank member at Louisville, Kentucky, on December 28, 1912, by means of a bogus check drawn on a bank at Circleville, Ohio. He was not successful, however, and was later arrested at Kingston, Roane County, Tennessee. A pass book of another bank was found in his possession. He is now being held awaiting trial for obtaining money under false pretenses at Kingston, Tennessee.

Albert Mackie, who defrauded a bank member at St. Louis, Missouri, April 17, 1912, by means of a forged check, was arrested in Chicago, Illinois, on January 18, 1913, and has been returned to St. Louis for trial.

Charles H. Meyers, alias I. Harris, alias W. W. Wilmot, alias S. Ernst, alias J. E. Davis, alias William Wright, alias E. A. Davis, alias E. E. Willis, who has had quite a successful career defrauding merchants and hotels in every section of the country by means of bogus checks, at last operated against a bank member at Eastman, Georgia. Our detective agents have been just behind him of late and early in December, 1912, they notified the police at Birmingham, Alabama, to keep a sharp lookout for him as they had reason to believe he would make another trip to that city. On December 30, Meyers appeared at a hotel there and tried to cash one of his bogus checks. The local police were promptly notified and he was picked up on the street and placed behind bars. Should the charge against him in Birmingham fall he will probably be taken to Georgia to answer to the complaint of the Eastman bank. Articles relative to Meyers' mode of operation were published in the JOURNALS of October, 1912, page 250, and January, 1913, page 452.

William Miley, alias "Indianapolis Billy" Joyce and Albert Peverett, alias "Whitey Black," were arrested in South Bend, Indiana, on December 28, 1912, and William Behrensen, in Cleveland, December 26, suspected of being connected with a burglary of a membership bank at Portage, Ohio, November 18, 1912. All three of these men are known crooks, and two others are thought to have been in the party that raided the bank.

Deggs Nolan, alias Harry K. George, alias G. W. Thomas, an all around crook, was arrested by the post office authorities at Savannah, Georgia, and taken to Omaha, Nebraska, for trial. Nolan is implicated in several criminal transactions in which bank members at St. Louis, Clovis, New Mexico, and Texarkana, Arkansas, were defrauded. The Arkansas Bankers Association is co-operating with this Association in the prosecution of this criminal.

A member bank of Clarksburg, West Virginia, reported that they had cashed for one James Percival, two checks which later proved to be worthless. The Pittsburgh Office of our detective agents took up the case promptly and on January 24, 1913, caused the arrest of this criminal at Marietta, Ohio.

Description: Age, 28 years; height, 5 feet 4 inches; weight, 130 pounds; build, slender; eyes, not noted; complexion, fair, ruddy cheeks; hair, sandy, slightly red; smooth shaven; speaks with a decided English accent; has third and little fingers off left hand; wore brown Fedora hat, brown suit; sometimes wears a black suit; no overcoat.

A specimen of James Percival's handwriting is reproduced below.

William H. Plum, alias W. M. Plum, who defrauded a bank member at Kansas City, Missouri, by means of forged and fraudulent paper, wired the Sheriff of his home town, Anadarko, Oklahoma, to come to Chicago and arrest him. He later explained that he knew our detective agents were on his trail and believing they would soon overtake him he decided to surrender to the authorities at Anadarko. He was taken into custody on December 24, 1912, and is now held to answer to the charges preferred by the bank. See JOURNALS, June, 1912, page 763, and July, 1912, page 31.

J. C. Polk, a negro carpenter, walked into a member bank in Houston, Texas, on January 18, 1913, during the rush hour and presented a check to the paying teller bearing the purported signature of one of the bank's customers. The paying teller noted that the signature was not genuine and questioned the negro, who ran out of the bank. He was later captured, taken to police headquarters, given a preliminary hearing, and was bound over to await the action of the grand jury.

W. J. Reid, alias S. P. Croft, John Carr, C. B. Morse, C. A. Morse, James T. Barry, H. H. Hart, Geo. Bates, George Gould, T. C. Anderson, W. W. Mills, S. S. Warner, J. J. Miller, etc., was taken into custody at Sanger, California, where he attempted to secure cash on a forged check from a non-member bank at that place. He is also badly wanted by a non-member bank at Ceylon, Minnesota, to answer for one of his criminal transactions.

Reid is undoubtedly the same man who attempted to defraud a number of membership banks throughout the country by means of bogus checks and notes which he mailed to the various banks, as reported on page 384 of the December, 1912, JOURNAL. This matter was promptly reported to our detective agents who apparently pressed the operator so closely that he decided to drop this plan of operation.

Reid claims to have had an accomplice who uses the name of George A. Barker, for whom our detective agents are now searching. Barker's description is given as follows: Age, 50 to 52 years; height, 5 feet 11 inches; weight, 240 pounds; hair, medium brown, turning to gray in front of ears, parted in middle; complexion and eyes not noted; smooth shaven; rather hollow cheeks; has thick chest and large protruding stomach; sometimes walks lame from effect of rheumatism; wears a long black Prince Albert coat and solitaire diamond ring in plain setting.

The attention of the St. Paul office of our detective agents was called a short time ago to one M. Richason, alias Levikow, who deposited a sum of money in a membership bank and later made a similar deposit at another membership bank, under another name. An operative of our detective agents met Richason and talked with him and it was evident he was contemplating a swindle of some sort. Richason was kept under surveillance until it was learned that he was wanted in Kansas City, Missouri, for defrauding a bank member by means of a swindle. This swindler's arrest was brought about and he is now in the county jail awaiting extradition to Kansas City where he will be tried for defrauding the membership bank at that place.

Homer Richards, alias Blue Richards, alias Charles Clark, was arrested January 19, 1913, at Pueblo, Colorado, on a charge of wife abandonment. He has admitted his identity and acknowledged that he is wanted in Oklahoma. This man was positively identified as being implicated in the burglary of a membership bank at Vera, Oklahoma, and at which place a warrant has been issued for his arrest. He was also implicated in the burglary of a non-membership bank at Foyil, Oklahoma.

Nahum J. Shatzkin, another one of the gang of swindlers whose operations were reported on page 456, of the January, 1913, JOURNAL, was arrested on January 3, 1913, by a representative of the District Attorney of New York County. Shatzkin is implicated with Myron A. Livingston, Joseph Gassner, Leo Berman and Nicholas Hodes in a series of fraudulent transactions in which a number of merchants and bank members in New York City lost thousands of dollars. All five men are now awaiting trial.

Lacey Elliott Thomas, wanted for forgeries committed against a San Francisco bank member, and many merchants throughout central California was arrested by Sheriff Webber of Oroville, California, at Loyalton, California, on January 7, 1913, for a forgery

committed against an Oroville merchant. On January 11 Thomas was given a preliminary hearing at Oroville and held for trial before the Superior Court. Thomas is a dangerous forger and if not convicted in Oroville will be returned to either Sacramento or San Francisco, California, for trial on the other warrants which exist against him. The California Bankers' Association is co-operating with this Association in this matter. JOURNAL, November, 1912, page 314.

Otto West, who passed a worthless check at a membership bank at Edgewater, New Jersey, was located by our detective agents in Chicago, Illinois, and on January 16, 1913, his arrest was effected. This young man is thought to be implicated in a similar irregular transaction in Chicago. JOURNAL, January, 1913, page 453.

A membership bank in Kansas City, Missouri, was defrauded by means of two forged checks drawn by a man named Charles Young. He forged the name of his brother, George R. Young.

The matter was turned over to our detective agents and Charles Young was arrested in Kansas City on January 9, 1912. He was taken before the police judge and bound over to the Criminal Court, being remanded to jail in the meantime. At his preliminary hearing on January 16, 1913, the principal witness in the case, George R. Young, did not appear and the case was postponed.

G. A. York, who cashed a raised check at a membership bank at Waterville, Washington, as reported on page 254 of the October, 1912, JOURNAL, was arrested by the Seattle, Washington, police in January, 1913, and has been returned to Waterville for trial.

#### REMOVED.

Asher Brinson, an alleged accomplice of Otis Broughton, jumped his bond and is now a fugitive from justice. Brinson is accused of being implicated with Broughton in defrauding a bank member at Newbern, North Carolina, by means of a forgery.



ELWOOD A. MERCER.

Elwood A. Mercer, whose photograph is reproduced above, and whose arrest was recorded in the January, 1913, JOURNAL, page 457, failed to appear when called for trial in St. Louis, Missouri, on January 9, 1913. His bail bond of \$1,000.00 was forfeited and he was declared to be a fugitive from justice. He is charged with being connected with several forged checks cashed by membership banks in St. Louis and also with a number of other irregular transactions in Chicago, New York and Atlantic City, New Jersey.

Mercer is described as follows: Age, 24 years; height, 5 feet 10 1/4 inches; weight, 143 pounds; build, slender; hair, dark chestnut; eyes, gray; complexion, medium fair; smooth shaven; born in Philadelphia, Pennsylvania, clerk by occupation. Bertillon: Hgt., 1.76.6; O.A., 1.79.0; Tr., 90.1; H.L., 18.7; H.W., 14.7; R.E., 5.4; C.W., 13.4; L.Ft., 26.5; M.F., 11.5; L.F., 9.5; F.A., 47.1.

C. A. Anderson reported under "Arrested" in this issue of the JOURNAL has been released.

E. S. Armstead, whose arrest is reported in another column of this JOURNAL, was returned to the Colorado State Reformatory on January 12, 1913, from which he escaped two days previous.

Charles F. Baker, wanted on a charge of forgery preferred by a bank member at Riverside, California, has been released by the Chicago, Illinois, authorities. His case has been stricken from the docket with leave to reinstate at any time. JOURNALS August, 1912, page 110, and December, 1912, page 386.

Charles Barbour, an 11-year-old boy, who was used by Elwood A. and Katheryn Mercer in passing forged checks by which three membership banks in St. Louis, Missouri, were defrauded, was committed to the State Industrial Home when he was taken before the Juvenile Court in that city on January 11, 1913. Elwood A. Mercer is now a fugitive from justice, as reported in another column of this JOURNAL, and Mrs. Mercer is out on bail. See also A. B. A. JOURNAL, January, 1913, page 457.

W. A. Bass, whose arrest was reported on page 456, JOURNAL, January, 1913, has been discharged from custody.

Fritz Breuen, alias Breuer, alias Brown, alias Carl Bauer, etc., reported on page 379, December, 1911, JOURNAL, and page 386, December, 1912, JOURNAL, was convicted and sentenced to serve three years in San Quentin, California, penitentiary on January 10, 1913. The California Bankers' Association co-operated with this Association in the prosecution of this criminal.

Irving Brodesky and Mortimer Horowitz, on January 6, 1913, pleaded guilty to a charge of forgery in attempting to defraud a member bank of New York City. They were both sentenced to the New York State Reformatory at Elmira, New York. JOURNALS June, 1912, page 765, and September, 1912, page 182.

Eugene C. Brokaw, reported on page 382, March, 1910, and on page 49 May, 1910, JOURNALS, has been released by the Chicago, Illinois, authorities.

Otis Broughton was convicted of forgery perpetrated against a bank member at Newbern, North Carolina, and sentenced to serve two years in prison. JOURNAL, May, 1912, page 696.

Tom Bush and Carlton Warren, reported on page 695, JOURNAL, May, 1912, were discharged.

Frank C. Clarke, who was reported on page 255, October, 1912, JOURNAL, and on page 455, January, 1913, JOURNAL, on December 4, 1912, changed his plea from not guilty to guilty and on December 18, 1912, was sentenced to serve an indefinite term on probation.

Fred Diehl, arrested March 25, 1912, on complaint of a bank member at Everett, Pennsylvania, has been released. In error his name has been carried in the awaiting trial list as being arrested for defrauding a bank member at Kokomo, Indiana.

Oswald R. Faulkner, who was arrested in Arkansas for complicity in a bogus check transaction in which a bank member at LaJunta, Colorado, was defrauded, as reported in the JOURNAL of December, 1912, page 386, was released in November, 1912, as the Governor of Arkansas refused to honor requisition papers presented by the authorities of Colorado.

Arthur Fletcher, alias Homer Duff, A. M. Parsons, A. W. Shamblen, W. B. Jones, W. R. Coe, etc., who succeeded in defrauding several bank members at Huntington and Charleston, West Virginia, and Zanesville, Ohio, was tried and found guilty at Charleston, of forgery, and was sentenced for a period of two years at the Moundsville, West Virginia, penitentiary.

JOURNALS, July, 1912, page 33, September, 1912, page 182.

John Gay, convicted of forgery perpetrated on a bank member at Orlando, Florida, has been sentenced to serve a term in the Florida penitentiary.

Jacob Foy Guthrie, reported on page 761, June, 1912, JOURNAL and on page 182, September, 1912, JOURNAL, was found guilty on sixteen charges of burglary and one of forgery. He was declared insane and committed to the Southern Illinois Prison Hospital. The charges were stricken from the docket.

Frank Hargett, whose arrest for forgery on complaint of a bank member at Charlotte, North Carolina, was reported on page 627, JOURNAL, April, 1912, was convicted and sentenced to serve twelve months in prison.

R. F. Harrison, reported in the "Arrested" column of this issue, was returned to Mobile, Alabama, and released.

Alfred Samuel Hemmington, on December 28, 1912, pleaded guilty to the charge of forging stolen pay checks and was sentenced to serve from one to five years in the Michigan State Prison at Jackson, with a recommendation of one year. JOURNAL, December, 1912, page 383.

Fred Herbert, arrested on a charge of attempting to swindle a bank member at Rockford, Illinois, has been discharged. See JOURNAL, December, 1912, page 387.

Alberto Videla Herrera, alias Alberto Videla, who was arrested in New Orleans, Louisiana, on December 2, 1912, charged with forgery on two member banks of that city, was deported to Cuba, January 3, 1913, there to face previous charges of a similar nature. JOURNAL, January, 1913, page 458.

Frederick Kasper, arrested in St. Louis, Missouri, in connection with forgeries committed by his wife, Mrs. Buel McPherson Kasper, and charged with carrying concealed weapons as he could not be connected with the forgery, was tried in Criminal Division No. 12, on October 29, 1912, and fined \$100.00 and costs and sentenced to the city workhouse. December, 1912, JOURNAL, page 387.

Ira J. Lindsay, who was arrested in St. Louis, Missouri, December 9, 1912, for attempting to pass a bogus check on a bank member, but who claimed that the check had been given him by another person to cash, was released December 10, 1912, and not prosecuted. An article regarding Lindsay appeared in the January, 1913, JOURNAL, page 457.

LeGrand Loper, a youth of 17 years, whose arrest was reported in the June 1912, JOURNAL, page 766, pleaded guilty to a charge of forgery made by a bank member at East Hampton, New York, and on June 5, 1912, was sentenced for an indeterminate term at Elmira Reformatory by County Judge T. M. Griffing.

W. B. Murphy, arrested on suspicion of being implicated in the burglary of a bank member at Register, Georgia, has been released. JOURNAL, November, 1912, page 318.

Deggs Nolan, whose arrest is reported in another column of this JOURNAL, was tried in the Federal Court at Omaha, Nebraska, on a charge of using the mails to defraud, and on January 19, 1913, was convicted on two counts and sentenced to serve a term of ten years, five years on each count, at the United States Federal Prison, Fort Leavenworth, Kansas.

Homer Parks, arrested on August 27, 1912, on complaint of a bank member at Charleston, West Virginia, who charged him with forgery, pleaded guilty on November 18, 1912, and the same day was sentenced to two years in the Moundsville, West Virginia, penitentiary.

Walter Parnell, alias C. W. Walters, a young colored man, who was arrested by our detective agents on October 24, 1911, on complaint of a membership bank at Washington, D. C., charging forgery, pleaded guilty when finally brought into court, and was sentenced to serve nine months in the New Jersey penitentiary. *JOURNAL*, October, 1911, page 224.

Robert G. Perry, who was arrested in Chicago, Illinois, May 24, 1912, for swindling a bank member at Denver, Colorado, was returned to that state. On December 17, 1912, he was found guilty and sentenced to a term of from five to ten years in the Colorado State penitentiary at Canon City.

W. J. Reid, whose arrest is recorded in another column of this issue, was convicted and sentenced on January 25, 1913, to serve six years in the California State penitentiary at Folsom.

Harry E. Shaffer, charged with forgery by a bank member of this Association and the California Bankers Association at Pasadena, California, pleaded guilty and was sentenced to serve five years in the California State penitentiary at Folsom, California, on December 7, 1912. *JOURNALS*, August, 1912, page 117, and December, 1912, page 336.

Claude Switzer pleaded guilty to a charge of forgery and was given a two years' suspended sentence to the California State Penitentiary and placed

on probation for that period. *JOURNAL*, May, 1912, page 695.

Ernest Thompson, whose arrest was reported in the *JOURNAL*, September, 1912, page 184, pleaded guilty on December 5, 1912, at Springfield, Missouri, and was sentenced to the Missouri State Penitentiary for two years. See also *JOURNAL*, February, 1912, page 500.

The grand jury of Bergen county failed to indict Otto West on complaint of the membership bank at Edgewater, New Jersey, whose arrest at Chicago, Illinois, is recorded in another column of this *JOURNAL*, and he was accordingly released.

James Williams, whose arrest was reported on page 458, January, 1913, *JOURNAL*, pleaded guilty on December 30, 1912, and was sentenced to serve twelve years in San Quentin Penitentiary. Inasmuch as Williams is now 67 years of age, the sentence imposed upon him is practically equivalent to a life sentence.

Karl J. Willis, charged with forgery against a bank member at Anaheim, California, pleaded guilty on November 20, 1912, and was sentenced to serve two years in the state penitentiary at San Quentin, California, on November 20, 1912. *JOURNAL*, August, 1912, page 117.

## AWAITING TRIAL, EXTRADITION OR SENTENCE, FEBRUARY 1, 1913.

### ALLEGED FORGERS, ETC.

Aggerbeck, Anton A., August 24, 1912, arrested; forgery Milwaukee, Wis.  
 Anderson, Harold, August 24, 1912, arrested; forgery Milwaukee, Wis.  
 Bailey, Mrs. Ray, April 30, 1912, arrested; forgery Waterloo, Ia.  
 Bechtel, John, Jr., May 16, 1912, arrested; forgery Salmon, Idaho.  
 Beresford, O. J., July 9, 1912, arrested; swindle San Pedro, Cal.  
 Berman, Leo, November 11, 1912, arrested; forgery New York City.  
 Berry, J. F., January 25, 1912, arrested; swindle Kansas City, Mo.  
 Bishop, W. H., November 23, 1912, arrested; forgery Chicago, Ill.  
 Blasdell, C. C., July 11, 1911, arrested; swindle Perry, Okla.  
 Booker, E. W., January, 1913, arrested; forgery Auxvassie, Mo.  
 Breckenridge, J. C., September 6, 1912, arrested; swindle Kansas City, Mo.  
 Brenizer, D. I., November 11, 1912, arrested; swindle Narka, Kan.  
 Burts, Otto, December, 1912, arrested; swindle Bluffton, Ind.  
 Cann, Fred, June 17, 1912, arrested; forgery Carizozo, New Mexico.  
 Carpenter, Frederick H., May 11, 1912, arrested; forgery Providence, R. I.  
 Casper, Charles J., August 31, 1912, arrested; forgery Steger, Ill.  
 Cauble, A. S., October, 1911, arrested; forgery Cairo, Ill.  
 Chapman, Wilbert, December, 1913, arrested; raised check Aberdeen, S. D.  
 Cohen, Samuel, March 15, 1912, arrested; forgery Boston, Mass.  
 Cole, C. E., January 15, 1912, arrested; swindle Atlanta, Ga.  
 Coles, W. C., October 21, 1912, arrested; forgery Shreveport, La.  
 Collins, T. J., September 19, 1912, arrested; swindle Helena, Ark.  
 Colston, Richard, December 13, 1911, arrested; swindle East Orange, N. J.

Crow, Thomas, December 6, 1912, arrested; forgery Portland, Ore.  
 David, G. T., January 24, 1913, arrested; swindle El Centro, Cal.  
 Deckard, O. W., September 16, 1911, arrested; swindle Meade, Kan.  
 Donahue, Thomas, June 19, 1912, arrested; forgery Baltimore, Md.  
 Downing, Joe, July 13, 1912, arrested; swindle Rushville, Neb.  
 Edwards, P. S., October 1, 1912, arrested; swindle Parma, Idaho.  
 Feroni, Romo, November 8, 1912, arrested; forgery Crystal Lake, Ill.  
 Fitzgerald, Thomas J., December 4, 1912, arrested; swindle New York, N. Y.  
 Fowler, Frank W., April 30, 1912, arrested; swindle Chicago, Ill.  
 Gaertner, William, November 27, 1912, arrested; forgery New York City.  
 Gaffney, Tommy, October 2, 1912, arrested; forgery Parma, Idaho.  
 Gassner, Joseph, December 19, 1912, arrested; forgery New York, N. Y.  
 Gould, Harry, August, 31, 1912, arrested; forgery New York, N. Y.  
 Graham, Joseph, January 23, 1913, arrested; forgery Charleston, W. Va.  
 Graham, Kenneth, November 7, 1912, arrested; forgery St. Louis, Mo.  
 Gray, S. H., November 12, 1910, arrested; forgery Athens, Tenn.  
 Greenawalt, Charles G., December 24, 1912, arrested; forgery Clarion, Pa.  
 Haliken, Esther, May 28, 1912, arrested; forgery New York, N. Y.  
 Halsey, A. H., December 9, 1912, arrested; swindle Portland, Me.  
 Hank, Warren, May 13, 1911, arrested; attempted swindle Wapakoneta, Ohio.  
 Harris, William, January 13, 1913, arrested; forgery St. Louis, Mo.  
 Hickman, "Skeet," December 18, 1912, arrested; forgery Fort Worth, Tex.  
 Hillards, Ollie, November 13, 1910, arrested; forgery West Newton, Pa.  
 Hodges, Nicholas, November 11, 1912, arrested; forgery New York City.

Houston, J. L., April 24, 1912, arrested; swindle Chicago, Ill.

Hudson, John E., November 19, 1912, arrested; swindle Beeville, Tex.

Hughes, Lee, June 2, 1912, arrested; swindle Pryor Creek, Okla.

Irvin, W. T., November 18, 1912, arrested; forgery Oakdale, Pa.

Isaacs, Walter, January, 1913, arrested; swindle Louisville, Ky.

Kirkpatrick, H. S., June 15, 1911, arrested; forgery West Point, Ga.

Klein, E., January 12, 1912, arrested; forgery Scranton, Pa.

Knapp, Fred S., December 9, 1912, arrested; forgery Portland, Ore.

Knotts, Henry J., November 8, 1912, arrested; swindle Georgiana, Ala.

Kutzkey, Albert M., August 23, 1911, arrested; forgery St. Johns, Ore.

Laubenthal, George M., November, 1912, arrested; swindle Waterloo, Ill.

League, S. A., October 31, 1912, arrested; forgery Chattanooga, Tenn.

Livingston, Myron A., December 13, 1912, arrested; forgery New York, N. Y.

McBrine, William R., November, 1912, arrested; forgery Guthrie, Okla.

McCants, E. L., November 26, 1912, arrested; swindle River Junction, Fla.

Mackie, Albert, January 18, 1913, arrested; forgery St. Louis, Mo.

Magoon, Byron G., August 17, 1912, arrested; swindle St. Helens, Ore.

Meeker, Chas. M., February 6, 1912, arrested; swindle Kansas City, Mo.

Mercer, Katheryn, November 30, 1912, arrested; forgery St. Louis, Mo.

Meyers, Charles H., December 30, 1912, arrested; swindle Eastman, Ga.

Mitchell, C. E., July 26, 1912, arrested; swindle Monroe, La.

Morrill, Fred W., December 9, 1912, arrested; forgery Portland, Ore.

Morton, Chas. S., January 6, 1912, arrested; swindle Baltimore, Md.

Mott, J. L., November 8, 1912, arrested; forgery New Orleans, La.

Muratore, Mechelle, August 26, 1912, arrested; forgery Syracuse, N. Y.

Nelson, C. J., April 18, 1912, arrested; forgery Birmingham, Ala.

Newman, Ira, May 17, 1912, arrested; forgery Cairo, Ill.

Parker, Chas., April 8, 1912, arrested; forgery Los Angeles, Cal.

Peebles, R. L., August 12, 1910, arrested; swindle Birmingham, Ala.

Percival, James, January 24, 1913, arrested; swindle Clarksburg, W. Va.

Perris, Dominic, September 18, 1912, arrested; attempted swindle, Syracuse, N. Y.

Perry, Chas. G., October 25, 1912, arrested; swindle Middletown, Pa.

Plum, William H., December 24, 1912, arrested; forgery Kansas City, Mo.

Polk, J. C., January 18, 1913, arrested; forgery Houston, Texas.

Posey, J. E., August 10, 1911, arrested; forgery Aiken, S. C.

Richason, M., January 1, 1913, arrested; swindle Kansas City, Mo.

Rogers, C. R., August, 1912, arrested; forgery Cordele, Ga.

Rolleyson, Frank, July 30, 1912, arrested; forgery Huntington, W. Va.

Romero C. D., December 14, 1912, re-arrested; forgery Springfield, Utah.

Roper, Julius E., November 4, 1912, arrested; forgery Waldo, Ark.

Sadey, Paul, November 8, 1912, arrested; forgery Crystal Lake, Ill.

Salyards, Emery, October 13, 1912, arrested; forgery Tacoma, Wash.

Schantz, Orin E., November 29, 1912, arrested; swindle Eldorado, Ill.

Schreiber, Herbert E., August 2, 1912, arrested; swindle Denver, Colo.

Sharp, Charles W., October 25, 1912, arrested; forgery Pittsburgh, Pa.

Shatzkin, Nahum J., January 3, 1913, arrested; forgery New York City.

Shivers, Vernon F., December 21, 1911, arrested; forgery Lake Providence, La.

Smedley, W. E., September 15, 1912, arrested; forgery Des Moines, Ia.

Smith, Adolph, December 11, 1912, arrested; forgery New York, N. Y.

Smith, Frank C., September 7, 1912, arrested; forgery Sacramento, Cal.

Snodgrass, Earl, October 26, 1912, arrested; forgery Spencer, W. Va.

Spangle, A., July 25, 1912, arrested; swindle Nowata, Okla.

Stone, Harry, November, 1912, arrested; forgery Bakersfield, Cal.

Thomas, Lacey E., January 7, 1913, arrested; forgery San Francisco, Cal.

Van Leckwyck, Carl, October 2, 1912, arrested; forgery Plymouth, Mass.

Veverka, Anna, December 14, 1912, arrested; forgery Pittsburgh, Pa.

Veverka, Charles, November 27, 1912, arrested; forgery Pittsburgh, Pa.

Walsh, John C., July 8, 1910, arrested; swindle Brooklyn, N. Y.

Waters, Joseph, June 18, 1912, arrested; forgery Baltimore, Md.

Watkins, C. W., December 12, 1912, arrested; swindle Monroe, La.

Wehner, F., October 24, 1911, arrested; swindle Ridgefield Park, N. J.

Weil, Maechel, February 17, 1912, arrested; swindle Chicago, Ill.

West, Henry, May 19, 1911, arrested; forgery Yuma, Ariz.

Wiggins, S. A., Jr., July 25, 1912, arrested; forgery Chicago, Ill.

York, G. A., January, 1913, arrested; raised check Waterville, Wash.

Young, Charles, January 9, 1913, arrested; forgery Kansas City, Mo.

#### BURGLARS.

Behrensen, William, December 26, 1912, arrested; burglary Portage, Ohio.

Brown, J. K., November 21, 1912, arrested; burglary Portage, Ohio.

Hollingsworth, George, October 2, 1912, arrested; burglary, Vera, Okla.

Miley, William, December 28, 1912, arrested; burglary Portage, Ohio.

Morris, Frank, May 9, 1911, arrested; attempted burglary Layton, Utah.

Peverett, Albert, December 28, 1912, arrested; burglary Portage, Ohio.

Richards, Homer, January 19, 1913, arrested; burglary, Vera, Okla.

## STATISTICS OF THE WORK OF THE PROTECTIVE DEPARTMENT.

## AS REPORTED TO THE STANDING PROTECTIVE COMMITTEE.

From September 1, 1912, to January 31, 1913.

New York, N. Y., February 1, 1913.

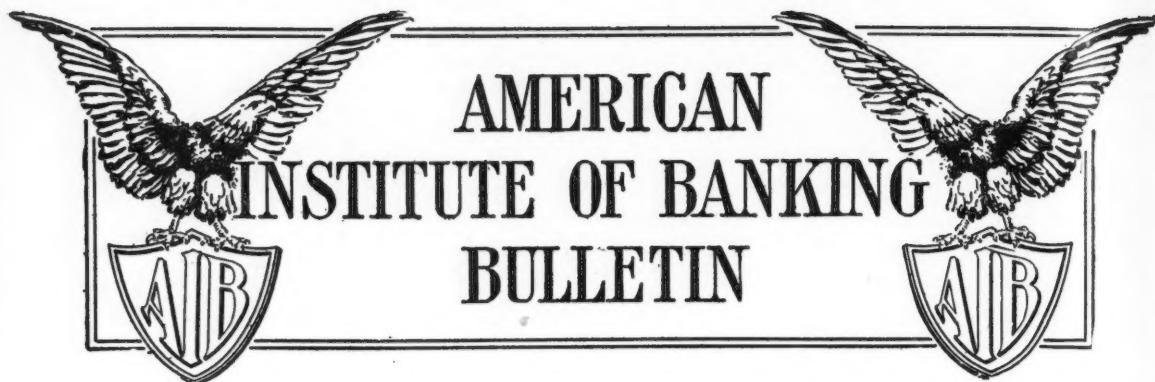
Persons arrested, discharged, convicted, sentenced, awaiting trial, etc.

	Awaiting trial, etc. September 1, 1912.	Arrests from September 1, 1912, to Dec 31, 1912.	Arrests in January, 1913.	Total.	Convicted.	Discharged or Acquitted.	Escaped or Fugitives.	Insane, Suicide or Died.	Awaiting Trial.
Forgers .....	122	103	24	127	93	35	..	3	113
Burglars .....	1	4	4	8	1	1	..	..	7
Hold-up robbers .....	2	..	..	..	2	..	..	..	..
	125	107	28	135	96	36	5	3	120

## REGISTRATION AT OFFICES.

THE following visitors registered at the Association offices during the month of January:

Aiken, Friend M., New York City.  
 Barnet, W. R., Assistant General Passenger Agent New York Central Lines, New York City.  
 Blinn, Charles P., Jr., Vice-President National Union Bank, Boston, Mass.  
 Blodget, H. A., Financial Advertiser, St. Paul, Minn.  
 Bonyng, Robert W., New York City.  
 Boyce, A. L., Newark, N. J.  
 Brundage, F. W., Assistant Manager Knauth, Nachod & Kuhne, New York City.  
 Burns, Raymond J., Secretary and Treasurer W. J. Burns National Detective Agency, Chicago, Ill.  
 Burns, W. J., W. J. Burns National Detective Agency, New York City.  
 Cable, H. S., President Rock Island Savings Bank, Rock Island, Ill.  
 Cray, A. J., President Exchange State Bank, Lime Springs, Iowa.  
 Cutright, Miss, Chicago, Ill.  
 Cutler, Ralph W., President Hartford Trust Co., Hartford, Conn.  
 Denmore, E. N., Lynchburg, Va.  
 Dow, Charles M., President National Chautauqua County Bank, Jamestown, N. Y.  
 Dowdall, M. A., "Journal of Commerce," New York City.  
 Dunham, H. G., Vice-President Dime Deposit and Discount Bank, Scranton, Pa.  
 Ellsworth, F. W., Publicity Manager Guaranty Trust Co., New York City.  
 Farnsworth, F. C., Ithaca, N. Y.  
 Farrell, J. Fletcher, Vice-President Fort Dearborn National Bank, Chicago, Ill.  
 Farrell, Mrs. J. Fletcher, Chicago, Ill.  
 Foye, E. Elmer, Vice-President Old Colony Trust Co., Boston, Mass.  
 Fuller, Oliver C., President Wisconsin Trust Co., Milwaukee, Wis.  
 Gibson, F. B., Denver, Colo.  
 Goff, F. H., President Cleveland Trust Co., Cleveland, Ohio.  
 Graham, Albert D., Vice-President Citizens' National Bank, Baltimore, Md.  
 Greene, Frank, Managing Editor "Bradstreet's," New York City.  
 Greene, W. M., with E. Naumburg & Co., New York City.  
 Haigh, Henry A., Director Peninsular State Bank, Detroit, Mich.  
 Hemphill, Alex. J., President Guaranty Trust Co., New York City.  
 Henry, John J., United States Secret Service, New York City.  
 Hoffmann, I. Newton, "Journal of Commerce," New York City.  
 Hulbert, E. D., Chicago, Ill.  
 Johnson, E. L., Vice-President Leavitt & Johnson Trust Co., Waterloo, Iowa.  
 Jones, J. W., Cashier Commercial National Bank, Long Island City, N. Y.  
 Kloepper, John A., President Union Stock Yards Bank, Buffalo, N. Y.  
 Knox, Frank, President National Bank of the Republic, Salt Lake City, Utah.  
 Livingston, William, President Dime Savings Bank, Detroit, Mich.  
 MacKinnon, A. E., "The New York World," New York City.  
 Maddox, W. S., Assistant President Philadelphia National Bank, Philadelphia, Pa.  
 Marks, F. Lester, Honolulu.  
 Martin, A. W., New York City.  
 Matthews, Elmer E., Briarcliff Manor, N. Y.  
 Miller, John M., Jr., Vice-President First National Bank, Richmond, Va.  
 Ohdaira, K., The Sumitomo Bank, Limited, Osaka, Japan.  
 Parrish, O. E., Vice-President and Cashier The Church Hill Bank, Richmond, Va.  
 Parrish, Mrs. O. E., Richmond, Va.  
 Pendergast, J. L., President United States Safe Deposit Co., New York City.  
 Pierce, Carroll, Vice-President Citizens' National Bank, Alexandria, Va.  
 Platten, John W., President United States Mortgage & Trust Co., New York City.  
 Poillon, William C., Vice-President Bankers' Trust Company, New York City.  
 Pratt, Thomas B., Representative "The Wall Street Journal," New York City.  
 Rollings, Charles H., New York City.  
 Ruggles, C. A., Manager Clearing House, Boston, Mass.  
 Runkle, Delmer, President Peoples' National Bank, Hoosick Falls, N. Y.  
 Russell, George H., President Peoples' State Bank, Detroit, Mich.  
 Sproul, William C., Chester, Pa.  
 Statesman, F. J., Vice-President The Credit Company, Chicago, Ill.  
 Swan, Arthur W., Assistant Cashier National Chautauqua County Bank, Jamestown, N. Y.  
 Train, F. A., Parkinson & Burr, New York City.  
 Ungar, Joseph, Foreign Department Central National Bank, St. Louis, Mo.  
 Walters, R. J., Secretary and Treasurer Huguenot Trust Co., New Rochelle, N. Y.  
 Washington, W. D. H., New York City.  
 Wayne, Joseph, Jr., Vice-President Girard National Bank, Philadelphia, Pa.  
 Williams, Clinton T., Cashier Richmond Bank & Trust Co., Richmond, Va.



# AMERICAN INSTITUTE OF BANKING BULLETIN

## INSTITUTE CONVENTION.

Richmond, Va., September 17, 18 and 19, 1913.

THE Executive Council has selected September 17, 18 and 19 as the time for holding the Eleventh Annual Convention of the Institute at Richmond, Va.

## POST-GRADUATE ESSAYS.

### Subjects and Conditions.

THE Institute Committee on Post-Graduate Education has prescribed the following subjects for post-graduate essays this year:

1. Political Considerations in Financial Legislation.
2. Evolution of Bank Checks and Their Effect on Currency Issues.
3. Centralization versus Diffusion in Control of Money and Credit.
4. Agricultural Credit and National Development.
5. Public Education in Banking and Finance.

Contestants are privileged to write on any one of the five subjects specified subject to the following conditions:

1. Essays must be typewritten and three identical copies submitted to the Educational Director not later than August 17, 1913. Essays should not exceed five thousand words.

2. Essays must bear fictitious names that will conceal the identity of their authors. In a sealed envelope addressed to the Educational Director each author must give his real name in connection with the fictitious name signed to his essay.

3. The Executive Council of the Institute will appoint judges to determine the relative merits of essays thus submitted.

The system of post-graduate study adopted at the Salt Lake City convention of the Institute embodied the following provisions:

- (a) That a system of Post-Graduate education be established to supplement the present course.

(b) That such course shall consist of research in banking, finance, business administration and accounting.

(c) That a suitable standard shall be fixed and maintained through the preparation of essays on subjects prescribed annually by a committee of graduates, such subjects to be of a character to encourage the expression of original thought on the part of the student.

(d) The merits of the essays, thus submitted, shall be determined by a committee of three or more judges, selected by the Institute Executive Council from prominent bankers and educators.

(e) Authors of essays approved under such provisions shall be known as "ASSOCIATES OF THE AMERICAN INSTITUTE OF BANKING."

(f) The number of "Associates" chosen in any one year shall be dependent upon the number of essays approved by the judges, but all men so chosen MUST be holders of the Institute Certificate.

The title of "Associates of the Institute" may be changed, but the standard of requirements and the method of its attainment may be regarded as fixed.

## INSTITUTE ADMINISTRATION.

By President B. W. Moser.

IN the January JOURNAL-BULLETIN there appeared an article on "Advanced Study" which dealt with the Post-Graduate work of our organization. Since the list of reference books and the syllabus may not be republished in the JOURNAL-BULLETIN, the suggestion is made that the January issue not only be retained for future reference, but that this article be read and re-read carefully in order that the plan be thoroughly understood. Your President has appointed the following well-known capable men as members of the Post-Graduate Committee: J. E. Rovensky, chairman, Pittsburgh, Pa.; J. A. Broderick, New York City; Joshua Evans, Jr., Washington, D. C.; F. B. Snyder, Philadelphia, Pa.; James D. Gar-

rett, Baltimore, Md.; E. A. Havens, Providence, R. I.; F. L. Johnson, St. Louis, Mo.; R. H. MacMichael, Seattle, Wash.; R. B. Cox, New York City; A. M. Barrett, New York City; N. D. Alling, New York City; F. I. Kent, New York City; H. S. Smale, Chicago, Ill.

#### Program Committee.

The Institute annual convention, to be held at Richmond, Va., September 17, 18 and 19, is the most important event of the year, and in order to assure its success your president has appointed the following Program Committee: H. V. Haynes, Washington, D. C., chairman; R. H. Bean, Boston, Mass.; Geo. H. Keesee, Richmond, Va. Any suggestion submitted to any member of this committee will be welcomed and will receive due consideration.

#### Institute Pins.

A recent letter from Dieges & Clust, 20 John street, New York City, states that they will gladly make a sample pin and forward it on memorandum to any of the chapters that may so desire. Those who have not already done so, are asked to send for samples and to urge the wearing of our emblem.

#### Institute Publicity.

The Publicity Committee has been doing excellent work for our organization, and has succeeded in starting special Institute departments in several of our leading financial journals. In order that sufficient and satisfactory reading matter be furnished for these special departments, it is necessary that each Chapter President do his share. Our appreciation of the support given us should be shown by supplying the articles and information desired. The Publicity Committee is composed of the following well-known Institute men: F. W. Ellsworth, chairman, New York City; Herbert E. Stone, Boston, Mass.; H. E. Hebrank, Pittsburgh, Pa.; Guy Cooke, Chicago, Ill.; R. S. Hecht, New Orleans, La.; F. C. Mortimer, Berkeley, Cal.; Joshua Evans, Jr., Washington, D. C.; John MacLean, Minneapolis, Minn.; G. J. Jones, Richmond, Va.

#### Correspondence Work.

The January JOURNAL-BULLETIN contained a list of the members of the Committee on Correspondence Instruction, to which the following names should have been added: R. H. Bean, National Union Bank, Boston; Charles P. Blinn, Jr., vice-president National Union Bank, Boston; Horace S. Ford, assistant cashier Old Colony Trust Co., Boston; Morris Goldwater, president Commercial Trust & Savings Bank, secretary Arizona Bankers' Association, Prescott, Ariz.; Charles E. Hoyt, secretary and treasurer South Norwalk Trust Co., secretary Connecticut Bankers' Association, South Norwalk, Conn.; Olaf Olsen, assistant cashier, First National Bank, Boston; George H. Richards, secretary Minnesota Bankers' Association, 611 Northwestern Building, Minneapolis, Minn.; J. E. Shepard, cashier Cache Valley Banking Co., secretary-treasurer Utah Bankers' Association, Logan, Utah.

It might interest the members of the Institute to learn that the percentage of men who complete the Institute Correspondence Course is considerably larger than the percentage of graduates of our larger cor-

respondence schools. This speaks well for our work, especially when the low cost of Institute work is taken into consideration, for the more money a man spends, the greater the effort to get his money's worth.

#### Suggestions.

A prominent citizen recently remarked that whenever criticism was offered, a suggestion should also accompany it. Your president will not consider all suggestions as the result of criticism, but will expect criticisms to be accompanied with suggestions.

#### INSTITUTE INFLUENCE IN PUBLIC FINANCE.

By Samuel Ludlow, Jr., President of the Union Trust Company of Jersey City—Address Before New York Chapter of the American Institute of Banking.

ON the 23d of February, ten years ago, the presidents of six chapters of the Institute, which then constituted only about twelve chapters in all with a total membership of less than 3,000, presented a recommendation to the president of the American Institute of Bank Clerks for a complete reorganization of the Institute work looking to its establishment on a business basis. Prior to that time the Institute was being operated under the direction of what was in effect a committee of the American Bankers' Association, and it had in turn employed an outside corporation to conduct the physical management. Under that plan the Institute had secured its start, but was operating at a great disadvantage. The plan provided that the headquarters of the Institute be the chief element in the educational scheme of the body through the medium of a correspondence school of banking. This feature was advertised extensively as the important feature of the plan. Chapters were regarded merely as "feeders," as it were, to the main feature, promoting as they did, direct personal contact of members in large cities in the promotion of the work of the correspondence educational feature.

As I have stated, several chapters had succeeded in organizing, through the assistance and direction of the officers of the main body, but as a matter of fact the actual work of organizing the correspondence school was not completed for many months after the chapter organization work had been well under way; in fact I do not believe that the correspondence school study course was ever fully completed under that plan. The difficulties of the situation got to be thoroughly understood by the men actively engaged in the chapter work. All of these men were enthusiastic chapter workers. The brunt of course of the individual work, as in all organization effort, had to be borne in large part by a certain few men, among them the presidents of the successful chapters. These men were all deeply interested in the new movement to permit the rank and file of bank employees to prepare themselves for better things and spent much time and energy in promoting the objects of their individual associations. At the same time they appreciated the lack of proper organization

at headquarters and the failure of the management to properly co-operate in the work engaged in.

This brought about a condition which resulted in a meeting of the presidents of the six chapters in Pittsburgh just ten years ago on February 23rd next. The chapters represented were Pittsburgh, Cleveland, Cincinnati, Chicago, Alexander Hamilton and New York. I had the pleasure of representing New York Chapter, while our fellow member, Alfred M. Barrett, represented Alexander Hamilton Chapter. At that meeting we presented our grievances and suggested ideas for the betterment of the Institute work and finally presented our recommendations in writing to the then chairman of the Board of Trustees of the American Institute of Bank Clerks. In brief, our recommendations were that the management of the Institute be placed more directly in the hands of representatives elected by the members of the Institute; that the name of the Institute be changed by converting the title "Bank Clerks" to that of "Bankers" or "Banking" and that the association be operated by an official to be elected by the management of the Institute as it was then constituted at a commensurate salary with authority to travel back and forth visiting chapters throughout the country and organizing others and generally directing the educational, as well as business affairs, of the Institute. We recommended that the proposed arrangement be conducted under the general guidance and observation of the American Bankers' Association. These recommendations were at first resented and no action was taken.

During the following year the first convention of the Institute was held in Cleveland and several of us decided to endeavor to have the delegates review the recommendations that had been made by the chapter chairmen and if necessary enforce the adoption of methods which we knew were necessary if the Institute was to live and prosper. The Cleveland convention developed therefore as an interesting one. First, in that it was the first national educational convention ever attempted by bank clerks unaided in any country in the world, and second, in that it sowed the seed which has resulted in the organization of the American Institute of Banking as it is constituted today. The attempt to enforce the adoption of our recommendations was unsuccessful at Cleveland, but subsequently at each annual convention and at each meeting of the representatives of the Institute the necessities for improving the methods of conducting the work were discussed. Finally a plan was adopted with the consent and co-operation of the American Bankers' Association and under which you are now operating, which in nearly every general respect conforms to the plan of government proposed by us ten years ago. Up to the time of the adoption of the present plan, the Institute was of doubtful value, but since then by reason of the business organization which it has been permitted to install and the close co-operation and co-ordination which has been encouraged, it has become a factor of no mean value in the banking world. Correspondence instruction so inauspiciously begun under the original administration has been revised and enlarged under competent direction, and embodied in a separate chapter, thus justifying the principle of chapter membership as the basis of all Institute

activities. Several New York chapter men, including myself, were among those prominent from the beginning in the endeavor to bring about the prevailing Institute organization, and you can well imagine how gratifying it is to us to observe the high degree to which the Institute has attained.

The present American Institute of Banking, if properly alert, is the medium through which the solution of the banking and currency problems of this country may be effected. Its chapter room is beyond question the forum best adapted to solving the problems that confront us today and which will confront us tomorrow. The advanced study or post-graduate course recently established could devise no better program than one seeking to encourage the solution of this complex problem. No organization of men possesses minds better equipped to devise ways and means for meeting this important issue of today than the Institute, and no organization could have greater power in effecting the adoption of its final conclusions, provided they are based upon facts that we have not allowed to become distorted by fear and compromise.

I have reviewed the early history of the Institute with an object; first, to illustrate the success which will come to any organization when properly managed, and, second, to impress the fact that only too often the best recommendations for improvements of current methods are procrastinated through either lack of courage or improper influences, when if adopted fearlessly at the time promoted, success would come just that much earlier. Unfortunately many recommendations for the improvement of current evils are not wholly free of mercenary motives. Ordinarily there is some ulterior reason than the prominent purpose for their advocacy. Compromises to favored influences, modifications to meet circumscribed conditions, retrenchments for fear of accusation of radicalism should never actuate those who are dealing with the subjects affecting the comfort of millions in body and soul. A calm discussion of new ideas should be encouraged and sustained, but once a need for a remedy is felt, a remedy should be fearlessly adopted and prescribed.

I have had an ambition to see the Institute of Banking more prominent in dealing with the current questions of banking and currency. In my opinion the solution of the trust question, the solution at least in part of the high cost of living, as well as answers to the cry for a more equal distribution of wealth are concealed in great part in this country at least in this very question of banking and currency. I hope that the incoming administration will be brought to recognize that the question of tariff and the regulation of the trusts are primary to the importance of establishing first of all, an equitable and uniform banking and currency system. I hope that President Wilson when he calls his extraordinary session of Congress will recommend, first of all, attention and action in the banking and currency question. We all know that there has been so much discussion by commissions of investigation and research of the matter of changing our currency system that some of our more prominent men have grown stale in the service. I believe that when the solution of this question is found, that

it will be so simple as to cause us to wonder why it was not long since discovered.

Mr. Schiff in his testimony the other day in Washington was no doubt right in stating that nature would take care to eliminate the undesirables, but the unfortunate part is that nature's processes while accurate in their solutions are ages long in their methods and the innocent suffer in the process. I believe that if we could live out under the present system sufficiently long, and if enough of us survived metaphorically to bury the victims of the disease that nature itself would solve the problem. As a matter of fact I believe that nature at this very time is striving to answer the question. Personally I have long felt that the changes which have taken effect in our banking laws within the last generation indicates a trail which will lead us to the solution. I had the pleasure of talking to New York Chapter in the winter of 1907-08 and I stated at that time that I was convinced that nature's processes were at work in the solution of our banking and currency problems. That idea has never been effaced. It has gradually grown and with its growth made itself more manifest and convincing. In 1909 I had the pleasure of addressing the bankers of Providence and used as my subject "The Banking Evolution." I tried to illustrate then the process by which I felt nature seemed to be directing attention to the needs of the people. I called attention first, and do now, to the developments in the state banking laws which tended to bring the management of the various state banks into almost complete harmony with the theories of the present amended national bank act in so far as the commercial functions prescribed for national banks were concerned.

I pointed out at that time the enormous growth of the state banks and trust companies; a growth which has been phenomenal when considering the few years in which they have had to operate as against the national banks. These two elements, the natural evolution of state laws to synchronize with the national idea of regulating commercial banking as against the growth of the state banks and trust companies seemed to me then and seem to me now to offer the simplest possible method by which we may solve the banking and currency problem. Since 1909 the activity that has been shown in the encouragement of agricultural pursuits and in an endeavor to provide a system for extending proper credit to the agriculturist has injected another element which but tends to prove that nature is pointing the way most clearly. The most enthusiastic friend that the national bank has, if he be at all susceptible to modern ideas, must acknowledge that the state bank and trust company system of banking has proved its necessity. On the other hand any man familiar with both branches of the banking business—state as well as national—who has had an opportunity of operating actively in both, appreciated that a large portion of the business of the national banks operating in cities where there are state banks and trust companies, except the reserve business, remains with them because of the one fact that the national bank has the government of the United States for its father rather than only the state itself.

In 1879 there was reported by the Comptroller of

the Currency 2,048 national banks, 313 state banks and 37 trust companies or about  $2\frac{1}{2}$  national banks to each state banking institution. In 1911 there was reported 7,331 national banks, 12,864 state banks and 1,251 trust companies, or almost exactly two state banking institutions to each national bank. Now, if the tendency is to change the state banking laws regulating the conduct of the banking business of the state banks and trust companies to conform almost identically in many respects with the national bank act in so far as the regulation of the commercial banking business is concerned, why is it with all its influences, that the national bank is being outstripped in growth by state banks and trust companies? The answer in my opinion directs our minds to the channels through which we shall have to operate before we can solve our national banking and currency problem. Generally speaking, the functions that state banks and trust companies are permitted to perform contain all of those elements which the American public demand in the conduct of their banking business while the national bank law is so circumscribed and archaic that the American public cannot to the extent that it would patronize the institutions coming under its regulation. On the other hand when state laws are to be effected regulating those features of their banking systems which conform to the features prescribed in the National Bank Act, the state law is drawn with such conformity to the National Bank Act as to contain in many respects its exact wording.

Why under all these circumstances has the parent government stood idly by and failed to provide the necessary vehicle for the conduct of the banking business of its people and left the growth of establishing banks to meet the demands of business progress and enlightenment, the subject of action by individual states? Is it not logical for the government which regulates the media by which the business of the nation shall be transacted to regulate the machinery through which this media shall be made to pass freely in the channels of trade? This you might say need not necessarily be so, but you must admit that in the preparation and enforcement of a currency scheme which will provide the elasticity necessary, it is very desirable that some uniformity be established in the banking system. One of the faults of the Aldrich Bill as originally submitted and one which raised a howl from Maine to California was in its failure to provide that state banks and trust companies might be beneficiaries under the act and you will recall that it was amended in order that they might be brought together. Was it expected to create a millenium with the lion and the lamb slumbering side by side? So it is with other bills; every one considering the preparation of a bill or plan for the solution of the question has had to contend with this variegated banking system. The continuance of our present banking system under regulations prescribed by the individual states plus the national government is proving a detriment and menace to the public by preventing a proper supervision of the system as a whole.

Of late years an attempt has been made by the State Banking Departments and the Comptroller of the Currency for co-operation in the examination of

banks coming under their separate jurisdictions, but under this system at the best, the results cannot be near perfect; neither can we prevent friction or misunderstandings where 49 separate and distinct organizations are endeavoring to co-operate in the regulation of a bank credit system of a nation of 100,000,000 people. I say the public are under the circumstances placed at a great disadvantage, both from the standpoint of protection as well as economy. If each of these separate departments tabulated and maintained records of the credits of all the banks coming under their jurisdiction, which in fact should be done, we would find a credit system divided into 49 separate divorced departments and we can well realize as business men how ineffectively such an arrangement might operate.

Right here it is well to stop and point out just one of the glaring deficiencies of the bank act. The method therein providing for the compensation for a bank's examination is an antique which should have been consigned to the junk pile a generation or more ago. The entire expense for maintaining a staff of expert examiners should be assessed against the banks, not as to the amount of capital of the bank examined, but by the number of days and men it may take to make an examination which when finished would bring an assurance that the assets and accounts passed upon are what they are supposed to represent. This system is in force in many states and be it said that the high standing of the banks in such states bespeaks the wisdom of the law. The divorceement of the examining systems as made necessary under our present banking methods has encouraged another leg in the process which has lately come under quite some criticism and that is the adoption of independent examinations by the separate clearing house associations. The action of clearing house associations in endeavoring to regulate the institutions operating under and through their organizations cannot be criticized in my judgment, in fact in the amendment to the national bank act passed shortly after the panic of 1907 the parent government encouraged the formation of separate district associations with a view of acting together in passing upon the credit of their individual members. Could anything be more absurd, however, than the necessity for so many different subterfuges and complications in order to arrive at a process which nature indicates as simplicity itself?

At one time our state banks used to be permitted to issue their notes and those who lived during the days of this wild cat currency, as it was called, remember how quickly the public began to feel the disadvantages of the system when bank failures began to be prevalent. They recognized the evil quickly because the money affected was in the physical possession of the public and they wanted each bill in their clothes worth par. The government was forced to legislate against this process of note issue by the placement of a tax on the issue of state notes which was so large as to prohibit the indulgence. I maintain that under our present system of bank supervision split up as it is into 49 separate units with no supreme supervision, the public are perhaps to an even greater extent prejudiced than under the old state bank note laws. These are the elements that

I have endeavored to submit as a proof that the only system of banking that should be permitted in the United States today is that system which is ordained by a national bank act and supervised by direction of a properly organized department of supervision free from political and preferential control. Just how this might meet the approval of some I know not, but I pledge you that this will be the system in force in this country before the end of the present century if this country is to be sustained as a land of freedom.

What should such a national bank act embody? Our national bank act should permit the creation of banking institutions whose functions combine all of those functions which the financial business of the people require; it should permit under proper restriction the discounting of notes; loans upon real estate mortgages and securities under proper appraisements and limitations in proper proportion to the assets; the handling of trust funds under regulations prescribed by the state under which it is operated; the handling of savings funds properly segregated and invested under regulations best prescribed for this class of business. It should limit the capital stock and surplus of a bank, both minimum and maximum, and limit as well the deposit liability to a multiple of the capital and surplus within reason. It should provide for the establishment of a system of bank examination, supported at the expense of the banks and assessed as each examination is made on a per diem basis at a living scale for the services of each man necessary to effect a proper unbiased examination and investigation. The examination should provide that the examining department distinctly approve or disapprove the items of assets as passed upon, so that such assets may readily at all times be availed of as acceptable security for note issues. It should provide for a modification of our present Reserve Bank System by designating one or more reserve cities in each state and by limiting the amount of reserves deposited by banks outside of their given states or zones, discourage the concentration of an over-plus of funds at any given point and thereby help to eliminate the growth of improper speculation. It should divorce the reserve banking system from the general banking system by granting special reserve bank charters, thus preventing the entanglement of commercial and reserve funds which the present system engenders. It should provide for a note issue restricted to the reserve banks by a process of minimum and maximum taxation except when extraordinary demands at given seasons or off years demanded an extraordinary amount of available funds when all banks might avail of the note issue privilege.

Under such a system the necessity in most cases for operating under state charter would be eliminated, for not only would no advantages accrue from such charters, but state banking institutions would be actually working at a disadvantage. By properly limiting the size of each commercial bank a more equitable distribution of funds would be encouraged, and the control of extraordinary amounts of the country's cash and bank credit in the hands and under the management of a limited number of men prevented. By providing for real estate loans within reason a means is found for aiding the agriculturist without adding another complicated system to our

present encumbered process. By establishing a proper system of examination and supervision, an automatic method is provided for definitely passing upon the banking assets of the nation, thus simplifying the movement toward a suitable asset currency. Under such a plan the establishment of a proper currency system would be greatly simplified and the organization of a national reserve bank would be unnecessary. The supervision of the assets of practically all of the banks of the country would be uniform and when the Comptroller of the Currency through his assistants had made an examination of the banks in a given territory, he would be in a position to know within all reason that any or all of the banks of that territory were or were not solvent. The public cannot be assured that their banked reserves are secured and their banking necessities provided for until our system of banking has been brought to a more simplified process. Nothing could be more dangerous to the public at large than to complicate the machinery through which its banking business is handled. During the life of our present nation, or at least since 1814 nearly every attempt that has been made to revise or modify or correct our banking system resulted in nothing but to add to the complication. It has been advocated more than once in the past fifteen years that the national government add a still more complicated machine in the form of a central bank. Few of those who have considered this broad question have, I am sorry to say, seen the wisdom of first correcting the grievous errors in the law affecting the individual banks.

During this last year or so, however, many men who have been actively employed in the regulation or operation of banks, seem to be brought to the appreciation of the needs of a uniform system. Within the past two weeks, both the Comptroller of the Currency and Superintendent Van Tuyl of the New York State Banking Department have denounced the laws under which they are each respectively operating as archaic and undesirable. The comptroller has frankly stated that the system of supervision permitted under the present law is unsatisfactory and almost impossible. The testimony that we have read as submitted before the Pujo Committee has indicated the necessity of a radical change. President Reynolds of Chicago very frankly admitted that our present system of concentration of banking energy had gone far enough. The fault of it all, however, lies not altogether at the door of the men who now seem to control banking credit, but largely at the threshold of the banking laws themselves.

Congressman Fowler, who until a few years ago, was chairman of the house committee on banking and currency, and who is in my judgment one of the best informed men on this subject in the country, recently presented a bill to Congress which recommends the organization of a national bank act along the lines of my idea. His bill in part is in my judgment a long step toward the solution of the problem, but unfortunately he tacks to it a plan for organizing the banks themselves into zones to be the foundation of a system of asset currency which I feel would prove unpopular and undesirable. Even his idea, however, if adopted in toto would in my judgment bring great relief to our present much disturbed situation.

I feel that the Institute should devote its thought diligently and consistently to the study of this important subject. There are but few questions that each should ask himself. First, does the public at large benefit by handling their banking business under 49 separate and distinct laws and methods; does it benefit most by having the responsibility for the supervision of its banking system divided among 49 separate and distinct examining boards where each board is restricted to certain specific banks? Is it desirable from the standpoint of a thorough understanding by the public that there should be 49 separate and distinct banking regulations? Would it be simpler to devise a currency scheme suitable for all our purposes under a banking system which would put all the banks under one general act and supervision rather than as under the present system of 49 separate and distinct acts and supervisions?

These are questions that are at the root of the entire subject. Remember that we cannot change our system of banking or currency every year or two at the whim of some political party. When we adopt a system it shall and must be one for long standing except as conditions of business demand new and improved additions or modifications and these demands are in the natural course of events. In discussing a banking and currency scheme, therefore, let us not think of the inconvenience that may be temporarily imposed, although in the plan I have outlined there need be no serious disturbances of banking, but let us decide fearlessly to recommend the right plan, the plan which shall benefit the largest number and their children and their children's children.

#### INTEREST ON COMMERCIAL DEPOSIT.

By Frederick O. Scherf of the National Mechanics Bank of Baltimore—Winner of the Prize of Fifty Dollars Given by John B. Ramsey—Read Before Baltimore Chapter.

**C**OMPETITION is the life of trade, but it sometimes proves to be the death of the traders, when they, figuratively speaking, cut each other's throats. In some localities, cut-throat methods have been indulged in by certain banks and trust companies in order to increase their deposits and make a fine showing on paper.

It is only in the past ten years that "Interest on Deposits" has really worried the banker. This worry commenced and grew with the trust companies. These companies having sources of income which are prohibited to national banks, and not being compelled to keep as large reserves, can naturally afford to pay a higher rate of interest on deposits.

That the rivalry between banks and trust companies is becoming more acute, is evidenced by the remarks of an official of one of the trust companies in Baltimore, at the Los Angeles convention: "Since our last convention, the tendency has been for the trust companies to work more together than formerly; a continued effort along this line will be of much benefit. It would also be an excellent thing for the trust companies to make their collections through each other, as well as do their own collecting and keep their reserves in trust companies, as I believe

the time is not far distant when trust companies will be forced to do banking in all its branches."

This strenuous competition between banks and trust companies during the past few years, has forced the rate of interest allowed on deposits to a point in many cases, not only unprofitable but dangerous, in that it brings sharp pressure upon the institution to seek uses for its funds at higher interest rates than are compatible with safety.

Some banks are forced to make fixed investments or uncurrent loans at the full rate rather than liquid short time loans which sometimes bear a rate of interest which is less than that paid on certain deposits.

Many bankers confuse investment banking with commercial banking. A bank with the bulk of its deposits payable on demand should keep its resources liquid, and should not loan on long time notes, nor invest its funds where they may be tied up for a considerable period. Some of our most disastrous commercial crises have been brought about by this confusion of commercial with investment banking.

There are banks in Maryland which are offering as much as 4 per cent. for deposits, and some in Baltimore are said to be paying 3½ per cent. on active accounts.

The committee on "Interest on Deposits" of the Maryland Bankers' Association, in their report at the 1911 convention said in part: "The committee from their investigation are convinced that it is the consensus of opinion that the payment of interest on deposits, and the injurious competition resulting therefrom, has reached an acute state, and that the bankers of the state of Maryland owe it to the interests they represent, to substitute fair profitable competition for expensive, unprofitable and ruinous business getting."

Through the efforts of this committee, the banking institutions of Maryland have been divided into twelve groups, according to location. There is a sub-committee in charge of each group, and they will endeavor to have the banks in each locality, by mutual agreement, adopt some plan of paying interest on deposits which will be both safe and sane.

Group No. 9 embraces all the banking institutions in Baltimore city. These institutions are too numerous, and their policies and business methods too varied to allow any expectation of a mutual agreement being reached. There are sure to be enough dissenters to break up the plan or to make it ineffective. In fact the sub-committee appointed to handle the question in Baltimore, in its report, admits its inability to suggest any effective method of dealing with the situation, and practically advises the Maryland Bankers' Association to let the matter drop.

The only salvation for the banks in Baltimore, from this unhappy state of affairs is through the Clearing House Association. A suit has recently been brought in Pittsburgh to test the right of the Pittsburgh Clearing House Association to enforce rules relative to the collection of notes, drafts, bills of exchange, and other matters. This suit is based, among other things, on the claim that the Clearing House Association in enforcing its rules, violates the Anti-Trust law.

In view of the above it may be thought by some,

that the Clearing House Association has no right to regulate interest on deposits, etc.

The Clearing House Association of New York and New Orleans have each faced suits of this kind, and both came out victorious. Attorney-Generals Knox, Moody, Bonaparte and Wickersham have each declared that the rules enforced by clearing houses in reference to the collection of checks and other matters, are not in violation of the Sherman Anti-Trust Act.

The Sioux City Clearing House Association has a fixed maximum rate of interest of 2 per cent. per annum, to be paid by members upon bank accounts, and 3 per cent. per annum on time certificates of deposit.

The St. Joseph (Mo.) Clearing House Association has fixed definite rates of interest to be paid on various kinds of deposits.

The banks of Savannah under clearing house regulation, may pay interest not to exceed 3 per cent. on individual accounts, and then only when balances in such accounts exceed \$25,000. Interest on bank balances, without limitation as to amount, may not exceed 3 per cent.

In 1881 rates of interest were agreed upon by the banks of Buffalo, and continued until 1890. They were broken then on account of non-observance by new banks which at the outset refused to become members of the Clearing House Association.

The general opinion of bankers in all parts of our country is that 2 per cent. interest should be the maximum amount allowed on active, and 3 per cent. on dormant accounts.

The Baltimore Clearing House Association should fix a maximum rate of 2 per cent. for active accounts, and 3 per cent. for dormant ones, and provide a large fine for violation. All institutions participating in the benefits of the clearing house in any way, directly or indirectly, should be compelled to conform to this rule.

It would be an excellent plan for the Clearing House Association to adopt an emblem which all of its members could display on checks, letter-heads, advertising matter, etc. By proper newspaper notices, this emblem could be brought to the notice of the business men of the community, and they could be taught that the Clearing House Association being back of the bank with the emblem, the principal would be safe in such a bank, although the rate of interest might not be as large as that offered by outsiders. To the public this emblem should have the same meaning that "sterling" has on silver.

The Clearing House Association is a great power for good, and the people should know which banks are in, and which are outside of its influence. Make the membership more valuable, and there will be more members, more co-operation and less cut-throat competition.

Special effort should be made to have a portion of each account remain in bank free. If the matter is handled diplomatically, in most cases the depositor will see the fairness of the proposition and agree. One argument which could be used by a national bank is the fact that 25 per cent. of the balance must be kept in reserve, and cannot be loaned.

The payment of interest on active accounts should

be discouraged, and whenever possible should be avoided.

No interest should be paid on balances of less than \$1,000, and when the balance falls below \$200, a charge of \$1 per month for maintenance should be made.

Some financial institutions allow interest on accounts which only carry an average of \$200 or \$300. This is ridiculous—it is not good banking. The management of the Corn Exchange Bank in New York City, after investigation, concluded that accounts averaging less than \$200 were unprofitable, and they therefore make a charge on all such accounts of \$1 per month. This bank has about twenty-five branches in all sections of New York City. They have consequently tried the plan among all classes of people, and find that it works well. The joint stock banks of England, as a rule, compel all depositors, whose accounts average less than £100, to pay £1 5s per six months, for maintenance.

In commercial banks, all active accounts should keep a free balance of \$1,000. This amount should be increased in proportion to the average amount of items in transit.

No two active accounts can be handled exactly alike. The average amount of checks in transit should be determined by analysis, and no interest should be allowed on that amount. There are many balances on the books of our banks which would be wiped out entirely if the items in transit were deducted therefrom. How can a bank pay interest on such an account and make money? Some banks try to get along without analyzing accounts. This is a great mistake which should be remedied at once.

All active accounts should be analyzed as frequently as possible—quarterly, at least.

Whenever possible, interest should be paid quarterly, and not monthly. Interest should be calculated on even thousands, and not even hundreds. This may apparently make but little difference, but in the course of a year it would amount to a considerable sum.

The daily balance on which interest is to be allowed, should be taken off after the clearing house checks are deducted, and before any deposits are entered.

Some one should supervise the payment of all interest on deposits. He should not only see that the interest slips are added and interest calculated correctly, but he should make sure that the items in transit are deducted, the proper free balance maintained, and that full charges are made for overdrafts.

If this is done intelligently, each and every account can be made not only to pay for its maintenance, but to bring a profit to the bank.

Competition, in these days, compels a more accurate determination of what is and what is not a profitable account, and the man who analyzes accounts, holds the key to the situation. It is just as important for a bank to eliminate unprofitable accounts, as it is to secure new business.

#### THE SAVINGS BANK OUTLOOK.

By E. G. McWilliam, Secretary of the Savings Bank Section of the American Bankers' Association—

Prepared for New York Chapter of the American Institute of Banking.

**T**RULY we live in an age of contradiction, and the bewildered reader who has believed all his life in the principle that "figures do not lie" must have come to the conclusion that they are at least misleading. Here on one hand we have the newspapers of the country printing in bold type the fact that our savings are the largest in the world, having increased so many millions in a year, that our average savings deposit is the largest in the world, and that theoretically, every man, woman and child in the country has a nice little nest egg in dollars and cents, while on the other hand we are confronted with the announcement that the savings bank section of the American Bankers' Association is inaugurating a campaign of education in saving and thrift among the people of the country!

Surely this is a remarkable situation meriting the attention of every thoughtful savings bank man, therefore let us pause for a moment before looking over the local field in order to consider briefly this broader problem.

#### The Country's Savings.

The amount of the savings of this country together with the number of savings depositors in all classes of institutions accepting savings deposits is as follows:

	Number of	
	Depositors	Amount
State banks .....	2,738,337	\$ 574,936,098.65
Savings banks .....	9,794,647	4,212,583,598.58
Private banks .....	120,155	23,753,469.66
Loan and trust companies.	2,632,685	813,745,937.90
National banks .....	2,342,290	637,069,543.54
	<hr/>	<hr/>
	17,628,114	\$6,262,088,648.33

This is a vast sum of money, and surely augurs well for the thrift of the country if judged entirely by itself. But should a country's thrift be judged by the size of its savings or its average savings deposit alone? Is not the real barometer of thrift to be found in the people rather than in the dollar? In other words, some of us feel that a country's thrift should be measured not by the amount of its savings, but rather by its proportion of savings depositors to population, and applying this test to the United States as a whole, we make a very poor showing in comparison with some of our European neighbors.

#### Comparison With Foreign Countries.

The above figures embrace reports also from our island possessions, and upon the basis of population at the last census, which showed a total of 93,000,000, the percentage of savings depositors is slightly over 18 per cent., a little more than half of England's percentage, which is next to the lowest of the ten leading countries of Europe.

These ten leading European countries average 373 savings bank depositors per thousand of population. Switzerland heads the list with 554, then comes Denmark with 442, Norway 415, Sweden 404, Belgium 397, France 346, Netherlands 325, Germany 317, England 302, and Italy 228. Dr. Henry Smith Williams calls attention to the fact that the population of the United

States is greater than the combined population of England and France, yet these countries together have more than 27,000,000 savings depositors—we have less than 18,000,000. He also says, "Now note this suggestive sequence. Of the four great industrial countries of the western world: France has the lowest wage scale and the highest percentage of savings bank depositors (34.6). Germany has a slightly higher wage scale and a slightly lower savings bank percentage (31.7). England has a wage scale still higher, and a savings bank percentage correspondingly lower (30.2). America has by far the highest wage scale and by far the lowest savings bank percentage.

"Trade for trade, the American wage scale is often not far from three times the French scale. Contrary-wise, the percentage of savings bank depositors is three times as great in France as in America. This may be a coincidence, but it is at least a suggestive one. The fact seems strongly to suggest that extravagance grows and thrift decreases with the increasing wage scale."

Dr. Williams based his argument upon the number of depositors in savings banks alone, but it loses little force when viewed in the light of the figures we quote, especially when it is noted that one-third of our savings depositors and one-half our savings are found to be in the mutual savings banks of New York and New England.

#### An American Vice.

While it is a recognized principle of economics that as a country improves its civilization it increases its wants, we in our craze for the luxuries of our high state of civilization have developed a vice, which is distinctly American—extravagance. Without going into the merits of other contributing causes, there is no doubt but that extravagance is in a large measure responsible for the high cost of living in this country today, and the relatively small number of savings depositors.

For instance, you and I marvel when we see Jones and his family go by in a fine new up-to-date car. We may happen to know that Jones makes no more than we do, and when we have paid the butcher, the baker and the grocer, we know there is very little left for gasoline. Therefore, someone is waiting for his money in the case of Jones, and while the tradesmen are waiting for him to pay, the cash customers are carrying him and paying just a little more for the privilege, than if he too paid cash; and this principle will apply all down the line. We would not decry the automobile industry, but we do decry the craze for pleasure which has led thousands to borrow upon their homes and life insurance policies in order that they might indulge in something which is a source of never ending expense, leading ever deeper into the mire of improvidence. However, automobiles are not the only avenue of extravagance, although it is estimated that the cost and upkeep of pleasure autos in this country is nearly \$500,000,000 annually. Imported luxuries amount to at least \$250,000,000 with a far greater amount for those luxuries at hand, and it is estimated that the caprice of fashion in the matter of wearing hair has alone cost the women of the United States \$5,000,000 in very recent years. If these expenditures were confined to those who could afford them, wasteful as it is, the results would not be so

disastrous, but remarkable as it may appear, from available figures it is fair to assume that exclusive of tourists expenses abroad, which are conceded to be borne by those who have sufficient means, a sum larger than the national debt is being wasted each year largely by people who cannot afford it.

#### Campaign of Education.

Spurred to action by this condition, the Savings Bank Section of the American Bankers' Association has instituted a campaign of education in saving and thrift and the curtailment of extravagance, among the people throughout the country. The school savings bank is being organized where it was never heard of before, and banks instead of using the stereotyped advertisements handed down by years of precedent, are beginning to inject a little human interest therein, showing the people that they have some interest in them besides the purely selfish one of gaining their deposits.

Right at this point, someone is sure to call attention to the fact that New York State as a whole is a pretty thrifty state, evidenced by the fact that there is one savings depositor in every four people of its population, and to ask what it all has to do with us anyway. And as a state, we are to be congratulated upon a condition which, if it prevailed throughout the Union, would make our economic position impregnable; but there are at least three fields where we can do good work—among the children, the foreigners, and in saving the "sucker" from himself.

#### What May Be Done in New York State.

Our children find their way into all sections of the country, and if they have been thoroughly grounded in the principles of thrift during their school days, as they go out into the world they will carry their principles with them, and in a measure be the "leaven which shall leaven the whole loaf." We now have the School Savings Bank in successful operation in various parts of the state, and through a delightful co-operation between the State Savings Bank Association and the board of education represented by a committee headed by Abraham Stern, we are assured that it will be an established fact throughout New York City in the very near future.

While entailing some expense and trouble to the banks, it is a sure foundation for future business, and is the best kind of advertising to which the mutual banks can have no objection on the score of commercialism. As to the trouble involved, it seems as though that should not enter into consideration, for the mutual bank is the people's bank and its employees their servants, to serve them in every way consistent with conservative banking.

We have a large foreign population and a great field in that direction. If we can gain the confidence of these people, which we certainly would if they understood our mutual banks, the bulk of the money which is put into money orders or carried about in belts or coat linings, would find its way into the savings banks, and now that we have the finger print method of identification, the illiterate foreigner may be dealt with without risk, and his business will be found profitable.

Regarding that class whom we rudely call "suckers," it is our duty to drive home the old proverb

that "it is better to be safe than sorry." This class is developed largely from among those who, being unable to increase their daily income in proportion to their expenses, think they discover a method by which 50 to 100 per cent. may be made on an investment of say \$1,000 or so, and we are told that the best so-called "sucker lists" are made up from preachers, teachers and doctors, and from among those ignorant of financial matters, such as working women, widows with proceeds of life insurance policies to invest, and other impractical people who receive legacies. More than half a million of these people lost over \$120,000,000 to "wild cat" schemes, which were uncovered by the postoffice inspectors last year, and this was probably not half the losses due to such causes. It is our duty to protect these people by persistent education, the result of which will undoubtedly save thousands a year in deposits to savings banks.

#### Postal Savings Banks.

The postal savings bank is performing a distinct function in educating people to become savings bank depositors, and the fallacy of that great opposition which developed among the savings banks of the country when the postal bank was originally proposed, has been proven. This system now has between twenty-five and thirty millions of the peoples' money belonging to nearly 300,000 depositors, and even its most ardent opponent will hardly say that the postal savings bank has in any sense been a competitor of the banks. However, much to the surprise of everyone the postal bank has as yet not attracted the "stranger within our gates" as anticipated—only about 25 per cent. of its depositors are foreigners. The bulk of the deposits apparently has come from the homely hoarding places of that large class of people who distrust all banks, but have confidence in the government. Officials of the system cite many experiences substantiating this theory and embracing the tender of sums for deposit ranging from those slightly in excess of the legal limit of \$100 per month to \$20,000 which was offered in a western town in the form of sacks containing long unused and tarnished coins. As a result of these experiences, the director of the Postal Savings System recently advocated the removal of the limit upon deposits, while limiting the sum upon which interest would be paid to \$1,000. He argued that if this were done, there would still be no incentive to transfer accounts from banks and that many millions of hoarded dollars would be added to the circulating medium of the country. Also that in time of panic the people would naturally draw from the banks and deposit with the government, which would then immediately, under the law, redeposit with the banks.

This is undoubtedly a most dangerous recommendation, and any movement toward its consummation should be opposed by the whole banking profession, for while theoretically it sounds all right, it is fair to assume that only a portion of the banks will qualify as postal depositories, and in time of panic those banks which had not so qualified would be sure to suffer, and exercise a demoralizing influence upon the whole situation, even assuming that the government redeposited with the qualified banks in same proportion that they had been drawn upon, which

would be difficult. However, as now conducted, the postal savings bank is a valuable influence toward promoting our economic welfare, and many a person who has acquired the habit of saving in the postal bank, when he has reached the \$500 limit prescribed by law, not being attracted by the low interest of postal bonds, will continue saving in a savings bank.

#### Savings in New York State.

On the first day of July last there were 140 savings banks in this state having on deposit \$1,660,564-190.73, belonging to 3,029,651 depositors. This shows an apparent gain in deposits of over \$41,000,000 and a gain in depositors of over 42,000 in six months, although it is fair to assume that the increase in money is largely due to that automatic increase which would naturally accrue if not a dollar had been added during that period. The funds of savings banks in this state are required by law to be kept invested up to 90 per cent. at least, in securities prescribed by statute. Each six months a huge sum is credited to depositors automatically in the form of interest, which is paid out of the earnings of these securities, and as in the aggregate this amounts to many millions of dollars, the actual increase in deposits is not apparent unless the actual amount of drafts be deducted from the actual amount of deposits made during the year.

For instance, for the year 1911 the Department reported a gain in amount due depositors of \$76-181,954.05. Of this amount nearly \$57,000,000 was interest credited to depositors and only a little over \$19,000,000 actual gain of deposits over drafts. However, it is encouraging to note that while there was a decrease over previous years in the amount deposited in 1908, since that year there has been an increase in this respect, and while in 1910 the increase in withdrawals was nearly three times as great as that of deposits, last year the increase in deposits was nearly three times that of drafts, which would indicate that the trend is in the right direction.

#### The Troublesome Question of Surplus.

As security for the vast sum of money in New York savings banks there has been accumulated a surplus, the aggregate market value of which is approximately \$120,000,000. If every individual bank in the state showed a market value surplus in ratio to the aggregate, namely, about 7 per cent., and maintained it, undoubtedly there would be no agitation or proposed legislation relative thereto. However, three successive superintendents, as a result of their examinations, have recommended legislation toward compulsory strengthening of the surpluses of savings banks, which is now left to the discretion of their trustees. These recommendations are based upon the fact that only eleven savings banks in the state show a surplus of over 10 per cent., the great majority showing surpluses of less than 5 per cent., a number less than 2½ per cent., and further that within a very few years there has been a decline in the aggregate, from 17 per cent. to the present figure due to depreciation in the market values even of the most conservative investments in which savings banks may invest their deposits and surplus.

Surely this condition demands decided action which will work no injustice to the banks, and at the

same time provide those safeguards which do not now exist.

It is the duty of the savings bank men of this state to co-operate with each other and the department toward securing legislation which will immediately accomplish this result. If the law was amended so that all banks showing less than a 10 per cent. surplus upon a market value established by the Superintendent of Banks be restrained from paying more than  $3\frac{1}{2}$  per cent., the result would probably be accomplished in the simplest manner, which would be equitable, as all but 11 banks in the state would be affected, and some of these banks would probably continue to pay the reduced rate as they are now doing, and gaining in actual deposits despite all arguments to the contrary. The benefits of such a law would almost immediately become apparent. The struggling new bank would be relieved from unwise competition; the confidence of the public would be strengthened when they understood that for every dollar deposited there was \$1.08 or \$1.10 instead of \$1.02 or \$1.04 to insure repayment and the danger of mismanagement would be reduced to a minimum.

Surpluses of savings banks in no sense can be construed as conducive to extravagance. They do not lie in the vault or bank account to be drawn upon at will, but every dollar is invested and working for the benefit of all the depositors. We would look askance at a bank or trust company which had been in existence for forty years and was doing business upon a 3 per cent. capital and surplus, or less, and business men would not be anxious to assume the liabilities of a director of such an institution. Why then should the trustees of our savings banks not apply the same business judgment in their duties, for while largely protected under the savings bank law, there have been cases where trustees have been held liable for mismanagement, and with a surplus which may be completely wiped out by a few points further decline in the market, the trustees of such a bank may well reflect what their position would be if for any reason they were obliged to realize upon their securities.

Competition has no place among mutual savings banks, and the continued reaching out for deposits to the detriment of security may well cause the thinking public to ask "why."

One other phase of this question is bound to appeal to savings bank men. While much is said about increasing the surplus, we hear no suggestion that the tax should be removed or reduced thereon. Last year the savings banks of this state paid in taxes \$959,226.72, besides which all state institutions subject to examination paid \$99,875.51 as expenses thereof, of which sum the savings banks also paid a large share. It would seem but just that in view of these facts, if the tax is to be maintained, the state should at least stand the expense of examinations.

#### Branch Savings Banks.

Regarding the law suggested above, it will probably be contended that such a law would tend to drive depositors into the savings departments of banks and trust companies. The Superintendent of Banks has recently made another recommendation which, if acted upon, would tend largely to offset such competition,

namely, to permit branches of savings banks. In the absence of any segregation law in this state, the commercial institutions are bidding for savings deposits upon terms with which we cannot compete except upon the ground of greater security. We do not want to lessen the security, therefore it would seem that the only way to combat this competition, which should not exist, is by enlarging the powers of the savings banks. Branches would be a step in this direction, and if permitted to receive deposits only, thereby presenting no other points for attack in case of panic, would render a distinct service by furnishing facilities for saving to sections of the city where conditions would not warrant the establishment of a new bank, but would support a branch of a savings bank of established strength and reputation.

Another recommendation which has provoked some comment is that relating to the merger of savings banks. The Superintendent recommends that savings banks be permitted to merge, presumably upon the theory that in many instances where a new bank finds it a struggle to exist, the depositors' interests would best be served by permitting it to merge with some established institution. While the necessity for such a law may not be apparent upon the surface, it is conceivable that there are cases where it would be a positive benefit, and as there is much to be said upon both sides of each of these recommendations, they are worthy of the earnest thought of all savings bank men, and should not be turned down without receiving it, remembering that they emanate from a practical source undoubtedly as a result of an intimate relation with the banks.

#### BANKING LAWS AND METHODS OF CUBA.

By William H. Morales, Secretary of the National Bank of Cuba and President of Cuba Chapter—Read Before Cuba Chapter.

AMONG the Latin American countries which are of interest to bankers and students of finance, Cuba occupies a special place, as a field where invested capital yields safe returns, under attractive conditions.

Since the republic was established a decade ago, and regardless of situations abroad, the leading banks and public utility corporations have been paying dividends and adding large reserves to their capital stock, while other enterprises have flourished.

The commercial importance of the West Indies in the early history of America, due to geographical situation, is emphasized with respect to Cuba today. Her position at the union of the Atlantic with two important seas, close to North, South and Central America, makes her a point of natural convergence, especially with the opening of the new canal to the world's commerce.

Moreover, the size of the country (which almost equals that of Belgium, Greece and Switzerland combined), the exportation of its tropical products and the importation of nearly all that it consumes, give to the country a foreign commerce of its own besides a large inland trade.

Taking as a basis exports of \$123,136,379 and imports of \$113,266,997 the last calendar year, as shown

by official statistics, it is evident that the banker in Cuba, as intermediary between the producer at home and the foreign consumer, is a factor of great importance.

The movement of sugar and tobacco determines the price of money, which is highest from August 15 to January 15, the maximum being reached in December, when the cane grinding begins. With the expansion of sugar acreage and improved methods of manufacture, the estimated sugar production for the coming season (1912-1913 crop) is placed at the unprecedented figure of 2,000,000 tons, practically all of which will be sent abroad.

Such a volume of trade of course requires a large amount of organized capital to handle it, and in place of the individual banker who furnished the money in former times, the incorporated bank has been established on modern lines, to supply the Cuban planters and business men with the necessary means for crops and other purposes, including the exchange business with foreign markets.

This result is brought about through a banking system in the form of a central institution, with head offices at Havana (the metropolis) and branches in the principal towns. By this method, aided in recent years by the development of railroads, the finances of the island are circulated according to local needs, bringing the industrial and trading centers into direct contact with each other. As the Cuban government funds are, moreover, disbursed through the National Bank of Cuba, its fiscal agent since the first American intervention, the use of sub-treasuries is dispensed with, and government moneys are kept in circulation through a banking medium.

While the country has no currency of its own, yet it employs a currency system which differs from all others. Except in the eastern part of the island, where United States money is the sole circulating medium, the unit of value is the Spanish gold dollar, the price of other moneys in use, namely, U. S. currency, French gold and Spanish silver, being quoted on the bourse in Spanish gold.

This status of Spanish money in Cuba is an anomaly, as in Spain there is no gold dollar, the unit of value being the peseta or Spanish franc, containing 4.4803 grains of pure gold or 69.4456 grains of pure silver indifferently. Such a double standard puts Spain, domestically, on a silver basis (with the peseta as the unit of value), while Cuba stands on a gold basis, with the Spanish gold dollar as the unit, leaving silver to circulate at its commercial value.

Following Gresham's law of circulation, Spanish gold gravitates abroad, and in Cuba it has been placed by custom and governmental fiat at a premium of 6 per cent. to create a further demand therefor.

Along with gold, Spanish silver is in general use in Cuba (except the eastern portion) for the payment of wages and in the retail trade, its price being at present nearly at par with gold.

United States money is always at a premium, the par of exchange being 103.653 per cent. Spanish gold, equal to 109.872 per cent. in Cuba by reason of the 6 per cent. premium above mentioned. In terms of exchange, the importing point of United States money is reached at about 108½, and the exporting point, about 110% Spanish gold, the importing point being

dependent on the cost of Paris exchange in New York.

While the official character of the peseta is expressed as 4.9781 grains of gold 900-1000 fine, the commercial assay is given at but .896 approximately, based on tests of Alfonsinos.

For government purposes, United States money alone is used, all customs, public and postal dues being payable therein, or in foreign gold, as the Spanish Alfonsino or Centén (25 peseta gold piece), on the basis of \$4.78 and \$3.83 U. S. currency respectively, pursuant to Military Order No. 123 of 1899 and its amendments.

The monetary history of Cuba is not readily available to the casual student, but it is a matter of tradition that in former times Cuba's representatives in the Spanish Cortes contended hard and successfully for the supremacy of the gold dollar standard in this country.

Although there is no banking act, there are provisions of law governing the subject, contained in the Spanish Codes and in the government decrees issued under American intervention.

A legal tender clause in the Civil Code, ratified by the above military order, provides that debts shall be paid in the specie agreed, or, in the absence of a stipulation, in gold or silver of legal circulation. The commercial standard of \$5.30 Spanish gold for the Alfonsino or Centén, and \$4.24 Spanish gold for the French Luis, is recognized in the same order.

It is usual to make payments, either in the money stipulated or in other current medium at the ruling price of the day.

The privilege of issuing notes, formerly given to the Spanish Bank of Cuba, having expired in April, 1906, the only bank notes now in circulation are those of the U. S. national banks, which are at par with American gold. The charter of the National Bank of Cuba authorizes the issue of notes, of which right the institution does not avail itself.

Two classes of banks are recognized by law, namely, banks of issue and discount, and territorial or mortgage institutions. While trust companies are not mentioned in the Commercial Code, yet their powers may be exercised by banks where permitted by charter. The National Bank of Cuba has the express power to do a mortgage bank and trust company business.

Internal organization is an interesting problem. Small banks are almost unknown, owing to the special personnel and complex equipment required. The effective handling of four systems of money in two languages, the great movement of foreign exchange and collections, with a system of technical Spanish laws which must often be reconciled with those of other countries, make an elaborate organization indispensable.

Standard loans are made on the basis of two name commercial paper, to mature within a period of 90 days. There being no usury statutes, the rate of interest is not restricted, the same varying from 7 per cent. on listed collateral loans or prime paper to as high as 12 per cent. per annum on other unsecured obligations.

The legal rate of interest is 6 per cent., where a rate is not otherwise stipulated.

Ordinary loans are made in the form of promissory notes.

Merchandise as collateral for loans is the subject of a special agreement. There being no chattel mortgage law, personal property must be given as a pledge, either by deposit with a third party, or actual or constructive delivery to the lender.

Loans evidenced by notes, bills or receipts, when signed by the owner of an establishment, may, by Decree No. 400 of 1900, be secured in favor of any registered bank, firm, individual or corporation, by recording them in the Mercantile Registry, and when so registered constitute a personal liability against any subsequent purchaser or holder of the business until they are discharged. As the same law requires all merchants to be registered, its effect is far-reaching.

Advances on crops to sugar planters are secured, either by a real estate mortgage, the sale of sugar for future delivery, or promissory note with pledged collateral.

Listed stocks and bonds are acceptable in a special form of contract called Pignoration, under which title vests in the lender, and the property or reversion, in the borrower. If the securities are registered, actual transfer is made to the name of the lender on the books of the corporation.

The following table shows the listed securities on the Havana Stock Exchange:

Bonds:	U. S. Cy.	£	Sp. Gold
Republic of Cuba...	\$64,067,585	.....	.....
Havana Municipal .	.....	.....	\$8,833,000
Railroads .	.....	£3,830,000	.....
Electric Rys. ....	10,472,000	.....	.....
Telephone Cos. ....	.....	2,000,000	.....
Gas Company ....	10,000,000	.....	100,000
Industrial & Miscy. ....	1,700,000	.....	5,850,000
 Stocks:			
Banks of Deposits..	6,100,000	.....	8,000,000
Mort. Institutions .	11,000,000	.....	.....
Railroads .	.....	5,360,000	2,220,000
Electric Rys. ....	31,500,000	.....	540,136
Telephone Co. ....	5,000,000	.....	.....
Industrial & Miscy. ....	13,124,800	.....	2,115,000
 Total .....	\$151,864,385	£11,190,000	\$29,039,136

Making a grand total of \$255,973,244 Spanish gold approximately of corporate capital listed on the Havana stock market, several important railways and other large corporations not being quoted thereon.

Cattle loans necessitate the registration of title in the creditor's name.

Censos or ground rents, being in the nature of mortgages which do not mature as to principal (save at the option of the debtor), as long as interest is paid, are not acceptable by the banks.

The intervention of a notary public or an official broker is usual in commercial loans, except in the case of bills, notes and unsecured contracts.

Bills of exchange represent the great mass of the discount business, as shown by a turn-over of \$262,000,000 in exchange as compared with \$17,717,735.48 of loans by the National Bank of Cuba during its last fiscal year. These drafts are mostly foreign.

There is no legal distinction between a draft and

a bill of exchange, both coming within the definition of a Letra de Cambio. They should contain the following formalities to insure safety and rapid progress in case of suit:

Date and Place of Drawing

Time of Maturity, i. e., Whether at Sight or Otherwise

Name of Payee

Amount

Value Received, and From Whom

Name and Address of Drawee

Signature of Drawer.

Drafts are regularly issued in sets of two each, the buyer being entitled to as many parts of a set (ejemplares) as he may require.

Irregular endorsements are not in use. A party guaranteeing or lending his credit on a draft or other negotiable instrument, must do so in terms (preferably in solidum) or by endorsement in regular course.

Endorsements transferring ownership should be in full or in blank. Those purporting to be in full and omitting date, transfer possession only, as in the case of collections.

Negotiable instruments falling due on Sundays or legal holidays are payable the preceding day.

The official holidays are January 1, February 24 (Independence Day), May 20 (Inauguration Day), October 10, November 1 (Election Day), December 7 and December 25, in addition to Sundays.

No days of grace are given to drawers or makers.

Protest must be made within 24 hours after maturity, to hold endorsers. As such protest is a notarial or public act, endorsers and makers are bound thereby without immediate notification.

Makers, endorsers and acceptors are liable for non-payment, but suit against one of them postpones action against the rest until defendant's insolvency is shown or return of execution unsatisfied.

Overdue paper bears interest from the date of protest.

There is a special document called Libranza, which is in the nature of a draft not subject to acceptance. It is used largely by sugar estate managers to authorize payments by their principals in other localities.

A large amount of foreign exchange is done by cable, and important arbitrage operations are conducted daily with the leading marts abroad.

The introduction of foreign goods through banks is effected by means of drafts with bills of lading attached.

Items from Europe are usually at long sight, from 60 days to 6 months, while those from the United States are mostly at 30 days' sight or cash on delivery.

As special instructions of shippers or correspondents are observed, they should be specific, and any departure therefrom at the instance of local agents must be provided for by a power of attorney showing special authority.

The large cities being on the sea coast, through bills of lading to the interior are not called for.

Maritime bills of lading are made in quadruplicate under the Cuban law, and issued to the consignor, consignee, captain of the vessel and carrier respectively. Further documents of the same tenor may be issued on application, under formal regulations.

Those made to bearer (consignee's copy) are

transferable by delivery, while those made to order require endorsement.

The transfer of maritime bills gives to the proper holder the rights of the assignor or endorser, under Article 708 of the Commercial Code, such title being therefore, as in most places, subject to equities.

In the case of overland bills or freight receipts, goods may be delivered to the consignee without the overland document being surrendered by him, and they are therefore deprived of the value, as collateral, which attaches to maritime bills of lading.

The liability of a common carrier of goods is based, first, on the stipulations of the bill of lading, and second, on the provisions of the Commercial Code. In case goods are lost or damaged in the course of shipment, negligence of the carrier must be shown to recover their value, unless otherwise stipulated.

Checks have become an important part of the country's currency.

A check in Cuba is an order (mandato) to deliver money deposited with a bank in account current, and it must be preceded by a deposit of funds.

The relation of the bank to its customer is that of depositary (as distinguished from debtor), the use of the money by the bank arising from its character of "fungible" property. Notes or other obligations made payable by a customer at the bank require a specific order in the form of a check, to authorize their payment.

To hold endorsers liable (or drawers, in case of the drawee bank's subsequent insolvency) checks must be presented for payment within five days from date, if payable in the place where drawn, and within eight days, if at a different place in the island. Such time is twelve days in the case of checks drawn abroad.

Payees of checks are required to sign the words "Received Payment" and date thereof, on collecting checks at a bank, as a voucher to the institution.

Duplicate checks cannot be issued, except on cancellation of originals and the consent of the drawee bank.

The "crossing" of checks is frequent, to prevent further negotiability, and is effected by writing across the obverse side the name of the "banker or company" who is authorized to collect them.

The rules governing bills of exchange as to the liability of endorsers and protest are applicable to checks.

Certification of checks has come into use as a modern innovation, the codes making no provision therefor.

Bank deposits are under the following restrictions as to withdrawals:

A married woman is required to obtain a "licencia marital" from her husband, who is the legal administrator of her estate.

A minor signs by his father, or, if the latter be dead, by his mother. If neither parent is living, a "family council" is appointed, which gives specific authority to a tutor (guardian), and in withdrawals of \$1,000 or upwards, the signature of a pro-tutor is further needed.

The disability of infancy may be removed at 18 years, by emancipation or marriage, and at 21, by

registration as a merchant or trader. Minors under 18 years of age can not withdraw deposits, unless married and under express consent.

The age of majority, for males and females, is 23 years.

Children of foreign citizens are not strictly subject to these regulations.

Checks of business corporations and co-partnerships are required to be drawn as provided in the constitutions, by-laws or articles of association, and such companies should be inscribed in the Mercantile Registry.

Agents and attorneys draw funds from the accounts of principals by virtue of a special power of attorney, made or recorded in the office of a local notary public.

Funds of deceased persons are paid to their heirs direct. The term "heir" in Cuban jurisprudence, applies to beneficiaries of both real and personal property in lawful order of succession, there being no administrator for personal effects, as in other jurisdictions, in the case of persons dying intestate.

If a depositor dies leaving a will, the executor (if there be one) signs with the heirs for the amount of the deposit, the executor not being usually considered as vested with much power, unless the will provides otherwise.

Where no will is left by a depositor, it is necessary to submit to the bank a "declaration of heirship," issued by the court, showing who are the heirs and next of kin entitled to the funds. Such "heirs" are, in cases of intestacy, first legitimate descendants. If there be none, then the parents and other ancestors of the deceased; and in defect of children or ancestors, the collaterals and other relatives.

The deposits of deceased aliens are (pursuant to Article 10 of the Civil Code) distributed according to the laws of their respective nationalities.

Unclaimed deposits are not affected by the Statute of Limitations until after the lapse of fifteen years.

The period of prescription is three years for bills of exchange, drafts, commercial notes, checks, dividends, coupons, redeemed bonds and other mercantile obligations not otherwise provided for.

Suits involving the title to personal property are, generally speaking, outlawed after six years, and those for the recovery of real estate, after 30 years. Foreclosure proceedings of mortgages must be begun within twenty years after a cause of action arises.

Civil promissory notes (as distinguished from those of a mercantile nature) are barred by limitation after 15 years.

To supply the want of savings banks, which disappeared from Cuba after the disastrous failure of the Caja de Ahorros (Institution of Savings) of Havana in the year 1884, the National Bank of Cuba and other banks of deposit have maintained for over ten years savings departments, which have met with popular favor and success. The interest paid on savings deposits is 3 per cent. per annum, compounded quarterly, under rules somewhat similar to those of savings banks of the State of New York.

Banking credits are on the whole safe and satisfactory, the standing of merchants being readily as-

certainable through the branch bank system in vogue, aided by the mercantile agencies.

Bankruptcy is defined by Article 874 of the Commercial Code as the default by a merchant in the payment of his current obligations.

To avoid a decree in bankruptcy, a merchant who is unable to pay his debts at maturity may apply to the court for a decree in suspension of payments, for a term not exceeding three years, provided his assets are equal to the amount of his unsecured liabilities, or being unequal, if his present insolvency has arisen from no misconduct of his own.

On the granting of such a decree, all suits and judicial process against the merchant are suspended, except claims for personal services and those which are secured.

Thereupon a meeting of creditors is called, at which a judge of the Court of First Instance presides, a quorum being formed by creditors representing three-fourths of the liabilities.

The proposals of the debtor are considered, and a majority resolution, representing at least three-fourths of the liabilities of the debtor, will be operative and binding, unless appealed from within five days by non-assetting or non-attending creditors.

Such meeting also decides upon the continuance or liquidation of the business, where it is proposed to reduce creditors' claims, and also as to the intervention of a trustee in the conduct thereof.

In case the debtor's proposals are not accepted, the creditors are at liberty to pursue their respective remedies against him.

A merchant who is under suspension of payments may not dispose of or encumber his assets without express permission of the court.

A final decree in bankruptcy may be obtained against a merchant, either on his own petition or

that of a creditor whose judgment or writ of attachment has been returned unsatisfied.

Three classes of bankruptcy are recognized, viz., fortuitous, culpable and fraudulent, the names of which are self explaining.

A bankrupt not guilty of fraud may make a composition with his creditors at any time in the course of the proceedings. It must be done at a creditors' meeting, all secret agreements being prohibited.

Secured creditors are not prejudiced by non-attendance at meetings, and in case they attend, must abide by all reductions in amount or postponements of claims (quitas y esperas) which may be lawfully resolved, without prejudice to their priority of payment upon the marshalling of the assets.

Such resolutions must be passed by a majority vote of the creditors present, representing at least three-fifths of the unpreferred debts of the bankrupt, and they become operative unless appealed from by non-assetting or non-attending creditors, on legal grounds, within eight days from the passing of such resolutions.

Thereafter the bankrupt becomes discharged, unless otherwise provided in the composition agreement. The failure to perform his undertakings under the composition deed will revive his status as a bankrupt, on the application of a creditor to the court.

Fraudulent bankrupts are not entitled to be reinstated as merchants, and are moreover subject to criminal process.

While the commercial laws of Cuba are technical in many respects, the system of codification which the Code of Commerce represents appeals favorably to those familiar with the need of uniform rules in regard to negotiable instruments, bills of lading, common carriers, insurance, bankruptcy, and other subjects which constitute live issues among bankers and business men in other communities.

### TRAINED BANKERS.

Governor Sulzer Endorses the American Institute of Banking.

State of New York  
EXECUTIVE CHAMBER  
Albany

MR. E. G. McWILLIAM,  
President New York Chapter American Institute of Banking,  
5 Nassau Street, New York City.

February 5, 1913.

My Dear Mr. McWilliam:

I acknowledge the receipt of your invitation to be present at the Twelfth Annual Banquet of the New York Chapter of the American Institute of Banking, which is to be held at the Hotel Astor on Thursday, February 6.

I regret, however that official duties at Albany will prevent me from being your guest on that occasion.

I understand that the foundation stone of your institution is education. I am informed that your Institute with branches in seventy cities of the United States, having a membership of over fifteen thousand bank men, is making a careful study of the banking and monetary conditions of the country. You are to be congratulated on the work that you are doing. The fine spirit shown by your members in devoting their evening leisure to the improvement of their capacities for service to the employers and to the community is worthy of the highest commendation.

This is the day of specialization in business. The banking men of our country are required to be trained in banking, for there is no element of our business life in which is involved to so great an extent the safety of the masses as upon the conservative and able management of our financial institutions. The development of the members of your Institute is a work that is of great advantage to the country, and I wish you every success, and look forward to the continued advancement of your members in their chosen profession.

Believe me to be, very sincerely your friend,

WM. SULZER.



# INSTITUTE CHAPTERGRAMS

## ALBANY.

By Samuel Applebaum.

ON Tuesday evening, January 21, Albany Chapter held its open meeting in the National Commercial Bank. The members had the pleasure of hearing Harry Woodward of Messrs. Goldman, Sachs & Company, bankers, New York City, talk on "Commercial Paper." Mr. Woodward is considered by many bankers to be the dean of commercial paper men, and the members of the chapter fully appreciate having had the opportunity of hearing him. Mr. Woodward defined the great good commercial paper has done and is now doing for the country, and stated that banks who deal in it lose one dollar in commercial paper to every ten in loans to customers in their own city. He also brought out the fact that banks who held bonds in the panic of 1907 found it difficult to find a ready market for them without selling at a great sacrifice, and that many of these banks are to-day investing more largely in commercial paper instead of in bonds. The speaker explained also the careful investigations made by reliable brokers of the makers of the paper, and that if the financial statements did not come up to their requirements they declined to handle it. The ground covered by Mr. Woodward in an hour was remarkable, and the members of the chapter were deeply impressed with his talk and came away with a broader conception of the value of commercial paper. At the conclusion of the address a rising vote of thanks was extended to Mr. Woodward. The chapter is planning a dinner to be given in March. This will be its first social evening and is keenly anticipated by the members.

## BALTIMORE.

By Frederick O. Scherf.

AT the regular monthly meeting of Baltimore Chapter held January 14, George K. Holmes read a very well written paper on "Agricultural Credits in the United States." He was followed by Carville D. Benson, ex-speaker of the Maryland House of Delegates, who spoke on some of the "Financial Problems" of Maryland. While the attendance was not what it should have been, we have no reason to feel discouraged, the meeting having occurred during the busiest time of the year, and four of our institutions from which a large number of our members come, were being merged.

While this is being written our banquet committee is hard at work on what promises to be our most successful banquet.

Much interest is being taken in the triangular debate between Philadelphia, Washington and Baltimore, which will occur simultaneously in the three cities on the evening of February 21. The affirmative side will be taken by the home team in each city. The negative side will be upheld by Philadelphia in Washington, Washington in Baltimore and Baltimore in Philadelphia. We are practicing for the occasion and to this end a debate was arranged for Tuesday, January 21, on the subject: Resolved, That the merger of banking institutions is beneficial to the community. This form of chapter work should be more encouraged and debates should be frequent. There is nothing so productive of education as the preparation of a subject for argument, and whether a man wins or loses, he is always benefited by the contest.

We note with interest the remarks of Samuel Applebaum of Albany in his January chaptergram as to the reasons advanced by some clerks for not taking part in the educational work of the Institute. The reason advanced by them is, what good would it do to learn all about banking? They say it will not get them any more salary, nor will it make them officers of banks. We have some of that tribe in Baltimore, and in their particular cases we agree with them, for any man who displays such a lack of foresight by making a remark of that kind is hardly ready to be promoted or entrusted with higher duties. We could fill this page with names of men in Baltimore alone who have received increased salaries and who have become officers in banks and trust companies through the instrumentality of the Institute. The man who refuses to join the Institute advertises himself as the man without ambition.

## BIRMINGHAM.

By M. H. Sterne.

BIRMINGHAM CHAPTER held its regular monthly meeting on Thursday, January 23, about two-thirds of the members being present. A short and interesting talk was made by J. L. Cross, general bookkeeper of the First National Bank, on "Bank Bookkeeping." Mr. Cross traced the relations of each department to the general books and made a plea for simplicity in forms and methods.

An adding machine contest on Wales machines was conducted by W. H. Bedard, state manager of the Adder Machine Company. Sixteen of our "speed merchants" entered the contest. The first prize of ten dollars was won by C. N. Gilley, of the First National Bank, who listed two hundred and fifty checks correctly in four minutes and twelve seconds. The second prize, five dollars, was awarded to C. P. Hiltz, also of the First National Bank; and the third

prize, two dollars and fifty cents, went to H. H. Eveslage, Traders National Bank. W. V. Bartlett, American Trust & Savings Bank, winner of first place in our last contest, completed a list in two minutes and fifty-eight seconds, but an error disqualified him. It is probable that other contests will be held in the near future.

The Membership and Attendance Committee, of which L. C. Collins is chairman, has been doing excellent work. At the December meeting, John A. Bowen, S. Gross, J. G. Mariana, and H. R. Rice were received as members; and in January, E. A. Davis, C. K. Maxwell, Jr., P. L. Meadows, M. L. Pointer, E. P. Self, J. B. Tutwiler, and Frank C. Wilson were enrolled.

The Study Class with a membership of fifty, about half of whom are active, is meeting twice a month. We are just completing the first pamphlet in the Commercial Law course, and find this work more interesting than banking and finance proved to be.

It is a pleasure to report the well deserved promotion of our efficient president, Frank Stevens, to assistant cashiership in the American Trust & Savings Bank. He is the third active member to receive official promotion since the organization of the chapter, about fifteen months ago.

#### BOSTON.

By Carl M. Spencer.

OUR January chapter night was marked by a large attendance. The informal dinner preceding the program of speaking and entertainment was of the usual City Club degree of excellence, which is high indeed. The speakers of the evening represented two different phases of public service and displayed that interest and enthusiasm in their subjects which denote the right man serving in the right place. John H. Fahey, chairman of the Executive Committee of the National Chamber of Commerce and a director in the Boston Chamber, spoke on "The Part of the Chamber of Commerce in the Trade Development of New England." Trade development is a burning question in this section at this time, and our business men are alive to the situation. Mr. Fahey's exposition of the scope and prospects of the work completed and under way was illuminating and inspiring. An important function of government was treated by Charles F. Gettemy, director of the Massachusetts Bureau of Statistics, in an address on "The Regulation of Municipal Indebtedness." To the large number of his audience who live in suburban communities under a town meeting form of government his remarks were of timely interest. Through the courtesy of M. Steinert and Sons Company a fine program of Victor-Victrola music was given before and after the speaking. Its popularity was attested by the request numbers and encores given, which prolonged the entertainment far beyond the usual hour for closing.

The Educational Committee announces examinations in both the Banking and Law Courses during April. The latter is for credit toward the Institute certificate, while the former is for a special recognition as a chapter honor. In addition suitable prizes are contemplated for special papers submitted by

members. If feasible it is also proposed to hold under the auspices of the Educational Committee an exhibit of forms and systems in use in different banking institutions. The last feature, an outgrowth of the lively discussions in the Banking class, promises to be of great interest.

Changes in the board of government have been made necessary by the appointment of Former Treasurer Albert J. Carter of the American Trust Company to a position as assistant examiner on the staff of the State Bank Commissioner. William T. Killoren of the American Trust Company, recently chief consul, becomes treasurer, and P. P. Mason, also of the American Trust Company, is elected chief consul. That repetition of American Trust Company is intentional. Through the activity and interest of their clerks institutions become known as offering strong support and encouragement to the Institute of Banking. It reflects good spirit within the particular bank and in turn attracts favorable attention from fellow bank men that is of definite value. We are proud to say that this helpful attitude is the general rule in Boston.

#### CHATTANOOGA.

By T. R. Durham.

THE annual inter-city debate between Nashville and Chattanooga will take place this year in Nashville on February 22. The question is, "Resolved, That the United States is justified in retaining an advantage in charges for passage through the Panama Canal for vessels in coast-wise trade."

Mr. Dickerson, Chattanooga's old stand-by, of the Chattanooga Savings Bank, and Mr. Wright, from the First National Bank, will represent Chattanooga. They will be accompanied to Nashville by a large number of rooters with the hope of settling the debating contest between these two cities. Chattanooga has won two debates and Nashville two. This time will be considered the "rubber."

Chattanooga has another member on the honor roll in the person of T. R. Durham, who has been recently elected assistant cashier of the Chattanooga Savings Bank.

#### CHICAGO.

By W. W. Walton.

CHICAGO CHAPTER gave its twelfth annual banquet in the Red Room at the Hotel La Salle Saturday evening, January 18, and it was the most successful event ever given by the chapter. There were about 240 in attendance; several banks located in the states of Michigan, Iowa, Minnesota, Pennsylvania, Wisconsin and Missouri were represented at this banquet. The menu card was the most unique ever gotten out by the chapter. It was in the form of a bond, the face of which announced the banquet, the speakers and the entertainment provided for the evening. The officers and Executive Committee for the year 1912-13 were then listed, after which followed a list of the members of the Banquet Committee. Just to the right of the space provided for the seal were listed the past presidents of Chicago chapter, dating back from 1900. On the back of the

bond were ten coupons, each coupon bearing the name of Chicago Chapter, American Institute of Banking, and representing a course of the dinner. The chapter is deeply indebted to the Northern Bank Note Company, Chicago, for the valuable assistance they rendered its Banquet Committee in arranging the bond, getting up the design and for the engraving. From all sides favorable comment was heard as to the originality and the cleverness of the idea. During the dinner the A La' Carte Harmony Trio entertained those present with instrumental and vocal selections. The Misses Garner and Parker also rendered several vocal selections and a very clever selection of grand opera in ragtime.

John W. Rubecamp, our president, ably filled the toastmaster's chair and did so, not only with credit to himself, but to the chapter as well, and he easily proved his title to that seat. In making a brief review of a few of the things accomplished by the chapter this year, he stated that our membership now was nearly 1,100, that about 275 had enrolled in the Rhetoric and Composition class; that the Commercial Law class has a membership of over 300, and that at the first examination 275 participated, which is an exceedingly good record and bespeaks well for Professor Ennis in holding the attention of so large a class. Mr. Rubecamp was elated over the progress Chicago Chapter had made thus far this year and he expressed the hope that the presiding officer of the chapter next year at this time could look back with the same degree of satisfaction that he has been able to do this year and that the chapter would experience the same or better record for growth and advancement. He also took this occasion to pay his respects to those of Chicago Chapter who were honored with well earned promotions the first of the year. Mr. Rubecamp then introduced the first speaker of the evening, A. C. Bartlett, president of Hibbard, Spencer, Bartlett & Co., who spoke on "Good Citizenship," from which a few extracts are quoted:

There has never before been so great an opportunity presented to the people of this country, especially to the younger men, for the development and display of good citizenship. During the past half century our people have gone at breakneck speed in the direction of what we are all pleased to call prosperity and its evidences. The population of the country has increased enormously; the wealth of our people has more than kept pace with the growing population, and our extravagance has far outstripped our growth both in population and in wealth. As a result, we have become extravagant or reckless in thought, reckless in speech, reckless in action. Old time social and religious restraints have been in part replaced by audacity and a disregard for much of what was formerly classed as sacred. In the popular phrase, frequently employed for the purpose of easing the conscience, "we have broadened."

Seemingly the time has now come, or at least is near at hand, for putting on "the brakes," or even of reversing the engine. We shall never return to the simple life of the olden days, but in our new environment we can practice its virtues, and avoid some of its vices.

Outside of certain well-defined localities there is a manifest spirit of good will and kindness pervading the business world of to-day, where there was enmity, jealousy and feuds in the business world of yesterday. As good citizens it is your duty and mine to foster and increase that spirit, and help to make it nearer universal. The fellows over at the

other bank are no longer liars and thieves, and altogether untrustworthy. In the future a still better understanding of their qualities of mind and heart, with the exercise upon your part of more charity, patience and brotherly love, will make them just as good fellows as you are yourselves.

"There's nothing either good or bad but thinking makes it so," and in a republic like ours, the thinking of the people makes the laws of the land. What was right a few years ago, later came to be thought wrong, and that thought having become wrought into law, the wrong is now positive. As an example of the change from wrong to right:—A comparatively few years ago a banker, a manufacturer, wholesale merchant, judge (even of the probate court) or lawyer, would have felt humiliated if he were found traveling in the West with a railroad ticket in his pocket. To-day he would feel chagrined if any one but the conductor saw him produce a pass. We have learned that railroads were built partly through the public domain, not only for the profit of the stockholders, but for the benefit of public at large, and that no official has the moral right to lessen the profits or unequally distribute the benefits by according special privileges to the few. Now that the knowledge is acquired, no good citizen will, directly or indirectly, attempt to secure an unjust advantage in the transportation of himself or his property—the only necessity for the laws against such acts now being their restraining influence upon and the punishment of those who are NOT good citizens.

We have reached a crisis in the affairs of our country. The old regime under which professional politicians and their followers ran the affairs of the government is at an end. There is a new order of procedure. We have come to the ending of the old road and the parting of the ways. This does not mean that the new ways have been completely surveyed and their courses fully determined, but that we, one and all—we, the people—belong to the engineering corps, and shall have something to say about directions, tangents, curves and grades.

The road to real success lies along the open highway of "clean business"—the only road which can be traveled by a "good citizen," and it is your business and mine to faithfully work out our road tax.

Charles H. Wacker, chairman of the Chicago Plan Commission, gave an illustrated lecture on "A Phase of the Chicago Plan," and said in part that "the work for better civic conditions is on throughout the world and that all citizens should support the mayor's appeal for a "Chicago beautiful." "The public health," he further stated, "is Chicago's greatest asset and it is to be hoped that the United States Government will speedily permit the building of necessary breakwaters and fill in submerged areas demanded to make Chicago a better and healthier city." John E. W. Wayman, ex-state's attorney, Cook County, talked on "Partisanship." He said that "out of the warfare of minds comes the progress of the human race. The great characters of history have arisen from combat; that there is something lacking in 'lady fingers' to produce great character." He further added, "The 'pink tea' in politics is the forerunner of a namby-pamby citizenship." Douglas Hawley Cornell, pastor of the Glencoe Union Church, gave a short talk on "Margins," and Byron W. Moser, of St. Louis, Mo., president of the associated chapters, gave a few minutes' talk on "The Institute."

A few of our members have had honors thrust upon them, several of our local banks having seen fit to promote the "good and faithful servant." George A. Jackson, chief clerk of the Continental and Commercial National Bank was elected assistant cashier

of that bank at their annual meeting January 14. Mr. Jackson is a past president of Chicago Chapter and for the past two or three years has served the Institute in a very excellent manner as chairman of the Transportation Committee. Charles F. Sommers was appointed chief clerk to succeed Mr. Jackson. The Corn Exchange National Bank also rewarded one of their faithful employees, E. F. Schoeneck, manager of the transit department, having elected him an assistant cashier. W. F. Rowe of the Drovers Deposits National Bank, and L. J. Meahl of the National Bank of the Republic were also elected assistant cashiers of their respective banks. These gentlemen have all been quite actively engaged in Institute work for many years and Chicago Chapter wishes them success and happiness in their new positions.

Chicago Chapter has organized a forum for the post-graduate course. A meeting will be held in the very near future and the class organized to begin the work. Although it is rather late in the season to do much this year, it is desired to start the course in order that earnest work may be taken up at the beginning of next season.

#### CINCINNATI.

By William Beiser.

PROFESSOR FREDERICK C. HICKS, dean of Cincinnati Night University, delivered a very interesting lecture on "Some Causes Affecting High Prices" at the meeting of January 17. The Professor stated that since 1896 prices have risen 50 per cent. Students of business and social conditions are giving their best thought to the problems that arise in connection with rising prices. In a discussion of the high prices the main thought should be given not so much to the causes of high prices as to a remedy for stability. Economists, bankers and business men are giving their best thoughts to this. Among some of the ideas advanced by some people as a cause for high prices are the trust situation, which through the elimination of competition has kept up prices—and the tariff, which, on account of high duty, prevents competition with world commodities—and the high plane of living. This was expressed in the thought that the high cost of living may be due to the cost of high living. In connection with this latter idea the change in the productive energy from the development of necessities to the development of luxuries is an important factor, which has its influences on prices. All the foregoing influences bear upon commodities—rising prices may be due to influences which do not affect commodities. Here the Professor reverted to some elementary principles and to the standard of value. He explained that where the price of a bushel of wheat had increased from a dollar to a dollar and a half, this may be due to a decrease in the supply of wheat or conversely an increase in the demand for wheat, or it may be due to a change in the measuring standard, especially where the measuring standard is subject to fluctuations in value. Value depends upon relation between supply and demand—not only respecting the value in the commodity but also respecting value contained in the

unit measure. Gold in the last analysis is a commodity. It is contained in our unit of value. Our measuring unit of value is different from other measuring units in so far that it is subject to changes on account of supply and demand. We now get the view of looking at prices from two sides; that is, that a change may be due to conditions affecting the commodity and also to conditions affecting the measure of value. The Professor then told of the unique programme which has been advanced for the stability of prices. He also referred to the great increase in the gold supply, estimating it for 1912 at \$465,000,000.00. The increase in the gold supply during the last twenty-five years is greater than the production of gold for the preceding 500 years. Practically all the gold heretofore produced continues to exist and is not like the supply of wheat which is consumed from year to year. Undoubtedly, said the Professor, a principal factor in high prices is the great increase in the production of gold which has caused a decrease in the value of it. The programme for stability as advanced assumes that something can be done with the measuring unit of gold to make the prices more stable.

Professor Fisher of Yale has advanced a theory which is given serious thought by able minds in the United States and Europe. His theory provided that when the value of gold is down that there be some method through which the decrease in value be provided for in the unit of measure, so as to provide for stability in prices—and vice versa that when the value of gold goes up that there be a decrease of the commodity in the measuring unit for the same purpose. In discussing this theory, two points are to be borne in mind: Is it practical and is it scientifically sound? How are we going to determine the movement in the value of gold, up and down? The theory is based upon the assumption that the general level of prices indicates the value of gold. Is it not possible that conditions affecting commodities will affect the general level of prices? If an average level of prices exists on five articles, and if there is an increase in the value of one of them due to influence affecting the commodity, it can be said that an increase in this general price level indicates a change in the value of gold. The same result is obvious whether 5 or 257 commodities are averaged. The problem of providing stability in prices is so far an unsolved one, and by some is thought to be unsolvable. In conclusion the Professor stated that the tremendous increase in the gold supply is the greatest factor for increased prices.

#### CLEVELAND.

By P. J. Slach.

THE Cleveland Chapter having fully recovered from the holiday festivities, resumed its usual activities on Tuesday evening, January 14. W. R. Green, chairman, provided an excellent program. The part of the negotiable instruments law pertaining to rights of the holder and liabilities of parties, was ably presented by W. J. O'Neill, the assistant attorney of the Citizens Savings & Trust Company. After concluding his address according to precedent, the

speaker willingly submitted to a cross-examination which was profitable and enjoyable to all the members—the testimony of Mr. O'Neill on this point is lacking.

The paying tellers' department was handled in an expert manner by E. B. Merrell, paying teller of the Cleveland Trust Company. He detailed many plans which are the result of a long time experience and practice, and have proved of great utility in his institution. He also illustrated the many curious phases of human nature which are daily presented at the paying counter. An informal debate was scheduled on the question, "Resolved, that it would serve the best interests of the bank to have tellers handle both receiving and paying instead of the present method of having these duties separated," but the chairman deferred the discussion until the next meeting. From the symptoms indicated so far, a most intelligent and warm discussion will probably transpire, because there are many ardent supporters, both pro and con.

The Educational Class at the present time is struggling mentally with the subject, "Moneys and Metals," and they confidently expect, due to their additional information and higher mental equipment, that they will be able to come in actual contact with the "real stuff" in greater volume after the next pay roll. Cleveland Chapter wishes to embrace this opportunity and congratulate H. M. Roberts, the most efficient instructor of this class upon his newly acquired honor in becoming a member of the new law firm of Howells, Roberts & Duncan. Our wish is that the judicial arbiters may be fully qualified to appreciate his accurate legal opinions.

W. H. Kinsey, the ever active and persistent chairman of the Entertainment Committee, has at last disclosed his mysterious preparations by announcing that the chapter will, under the leadership of his committee, produce a "musical extravaganza." He invites every singer or dancer to co-operate. It has been officially declared that such an entertainment could not be strictly construed as educational. The writer dissents most forcibly from this opinion. This production will not only develop the talent of those that co-operate, but will also produce the sinews of war to educate others in the various phases of banking for the coming year. Education blended with some spice and fun is the best combination in life.

R. P. Sears and the hustling members of his committee have almost doubled our membership. Our present enrollment is four hundred and seven, their ambition is to make it five hundred.

Carl Palmer, the manager of the transit department, is gifted with a long foresight, and desirous of fortifying the roster of this chapter in the future—has already announced the coming of his first born, it is a boy. May the good fellows of the First National follow the precedent.

The month of January has provided many surprises. The annual meetings of our many local banks, have made the happy announcement of promotions, either in or into the official kingdoms. Every person thus honored with the exception of four, are members of this chapter, and naturally we take great pride in the result. We earnestly hope that the ex-

ceptions will soon disappear and be included in the entire whole.

The following is our roll of honor and the positions to which they have been elected:

W. D. Young National City Bank, vice-president; Jas. H. Whitelaw, National City, cashier; Chas. L. Corcoran, Central National, assistant cashier; G. A. Coulton, Union National, vice-president; W. E. Ward, Union National, cashier; Jos. Ranft, Broadway Savings & Trust Co., secretary; P. J. Slach, Broadway Savings & Trust Co., treasurer; Chas. Piwonka, Broadway Savings & Trust Co., assistant secretary; J. R. Nutt, Citizens Savings & Trust Co., vice-president; E. V. Hale, Citizens Savings & Trust Co., vice-president; Geo. Lomnitz, Citizens Savings & Trust Co., secretary; W. M. Baldwin, Citizens Savings & Trust Co., treasurer; W. H. Kinsey, Citizens Savings & Trust Co., assistant secretary; F. D. Williams, Citizens Savings & Trust Co., assistant treasurer; Van R. Purdy, Citizens Savings & Trust Co., assistant treasurer; P. T. White, Cleveland Trust Co., vice-president; I. F. Freiberger, Cleveland Trust Co., assistant secretary; H. H. McKee, Garfield Savings & Trust Co., cashier (Gordon Branch); W. J. Bauknet, Pearl Street Savings & Trust Co., assistant treasurer; W. P. Frey, Pearl Street Savings & Trust Co., assistant secretary; Fred Corcoran, Superior Savings & Trust Co., assistant secretary; Fred. C. Schlundt, Superior Savings & Trust Co., auditor; J. C. Sanders, Woodland Avenue Savings & Trust Co., secretary; L. H. Fisher, Woodland Avenue Savings & Trust Co., treasurer; Henry Piwonka, Woodland Avenue Savings & Trust Co., assistant treasurer; G. M. Kovachy, Woodland Avenue Savings & Trust Co., assistant secretary; G. A. Spear, Woodland Avenue Savings & Trust Co., assistant secretary; L. J. Hajek, Woodland Avenue Savings & Trust Co., auditor.

By Harry F. Pratt.

Acknowledging that Mr. Slach is the Cleveland correspondent for the JOURNAL-BULLETIN this year and I, fearing that he, due to his modest and unassuming qualities will treat the matter lightly if he does not entirely ignore it, am going to give you some news that will be of interest not only to the members of the Cleveland but to the members of the Institute at large. It is with pleasure that Cleveland Chapter advises you of more honors coming to another Institute member. He was one of the charter members of our chapter and from its inception has been one of its most faithful and willing workers. He served four years very efficiently as its secretary and this year we are enjoying one of the best in the chapter's history under his administration as its president. At the annual meeting of the Broadway Savings & Trust Co. recently the directors elected P. J. Slach treasurer and also a director. He has been with the "Broadway Bank" several years and for the past four years has held the position of cashier. Charles Piwonka, another faithful and loyal chapter worker, and who is also with the "Broadway Bank," was elected assistant secretary. He has been the assistant cashier. It is needless to say that Cleveland Chapter extends congratulations to these two members and wishes to inform its friends in the other chapters of the honors just conferred.

## CORRESPONDENCE.

By Warren Day.

**I**N spite of early prejudices and the overshadowing success of city chapters, the Correspondence Chapter is making substantial progress. The fact is becoming appreciated that correspondence instruction is more thorough than average class work and enrollments during the past few months include many bank officers as well as clerks. The following answers submitted by students reflect the character of correspondence instruction and the interest manifested by students in their work.

In connection with the lesson on "Clearing Houses" R. A. Yockey writes: "As soon as all the banks throughout the country have their number printed on their checks it will simply be a matter of the transit clerks using the number which is found on the check and the amount. One who has seen the thousands of items handled daily in the transit department of our large banks, and will imagine, for example the saving of time and labor in listing 1-21 on a letter instead of being obliged to write American Exchange National Bank, New York, can readily appreciate its utility."

Speaking of "Bank Accounting," Murray S. Wilson says: "Foreign items have a rather uneventful time around our bank. As they come in over the counter or through the mail from out of town customers they are put in the 'remittance box,' which is a small box arranged for the purpose and which is placed within easy reach on the right of the teller. Of course the proper precaution is taken relative to date, signatures, etc., in accepting foreign items from customers or any one else. Before listing the foreign items to be used in the cash balance it is our custom to separate them into states, then towns and cities in the same state, and lastly the different banks in the same towns and cities, putting all of the same banks, cities and states together. At leisure time during the day we also supply the transit number of the banks, which greatly facilitates the writing up of the remittance. We remit all our foreign items to one correspondent bank, and after the cash balance has been effected the remittance is written up in a looseleaf remittance book, which record shows the number of the item, drawer, payee, last endorser, the bank on which it is drawn, and the amount. Part of the record is manifold, and that part of the record which shows the banks on which the items are drawn and the amounts is detached and sent with the items, which have been properly endorsed by us, to our correspondent. Our correspondent bank credits us with the total of the letter, subject to the payment of the items. If any of the checks come back to them unpaid or protested they charge it back to our account, and we, in turn, charge it back to the account of our customer. In conducting an examination I would go to the bank to be examined and present my credentials to the proper officials and make myself acquainted as pleasantly as possible. I think it a mistake for an examiner to rush into a bank, take it for granted that the officials and employees are crooks, and try by actions and every other way to prove such to be the case. I do believe, however, that every reasonable precaution should be taken to prevent deception on the part of

anyone concerned. Examiners of each kind have examined this bank, and, I may add, some of the most rigid examinations I've ever undergone have been the most pleasantly conducted. It may be a wrong idea, but when an examiner tries to take this bank by storm I just let him storm it out and don't put myself out a whit to help him out of his misery. How, or rather, exactly how examinations of the larger banks are conducted I don't know, but of banks the size with which I am familiar I would first proceed to check up the cash. Unless it is all in plain view, that is, the vault and the cage, I think it would be a good idea to place a seal on the money chests in the vault or safe while the cash in the cage is being checked up. I recall that one examiner checked up my cash in the tills the last thing, saying, "If you are going to be short you won't have it out of the drawer." It was pretty good reasoning, but if I were doing it I would check up the cash in the cage, or drawer, first and then the cash in the vault or safe. After the cash had been satisfactorily accounted for I would start in on the bills receivable, listing them first to see that the aggregate amount checked up correctly with the general ledger balance and then going over each note for classification. I would go carefully over the form of note used by the bank to see that it was properly worded and would make sure that all their bills receivable were negotiable. Not long ago quite a lump of stock of a national bank in southern Indiana was about to change hands and the purchaser asked the writer to go with him to look over the books of the bank. Among other things we went over the notes, and I was surprised to find that there were quite a number of them which the bank had bought for notes but which were in reality just due bills. The cashier explained that his examiners had never objected to him carrying such non-negotiable paper, which may or may not have been true, but in this connection I may say that if I were an examiner I would require every non-negotiable note to be gotten rid of, at the earliest possible moment. State bank examiners in this state don't stand for such stuff."

Miss Elizabeth E. Jameson relates the following incident: "We have one customer (the most good-natured man in the world) who invariably brings his deposit in a large paper bag, checks sometimes indorsed, but more frequently not, and several hundred dollars in bills picked up by the handful and crowded into the bag, with the checks and no deposit ticket. If we ask him the amount, he never knows, and as it takes so long to count it and verify it in that condition, he leaves it with us to enter on his pass-book when counted. He so good-naturedly smiles when we intimate that it would be nice for him to make out his deposit slip himself, that it seems to us better to do it for him than to insist, but if there were many of that class of customers work would go rather slowly."

In discussing "Banks and Banking," Herbert A. Moussa says: "Whether a national or a state bank is to be established in a certain locality in order to reap the greatest gain on the capital invested depends upon the needs of the community. For the first let us assume that the state supervision and control in a certain rural community in Wisconsin is as strict and has the confidence of the people as fully as

that of the national bank system. To open a national bank we will require a capital of \$25,000 which is the minimum; for a state bank \$10,000. The functions of deposit and discount are practically the same for both national and state banks so that the people would not hesitate to deposit in either since they have confidence in both. The money demands being agricultural there will be a desire to obtain loans on farm lands. The national banks are barred from loaning on real estate but the state banks may do so. The people so accommodated as to their loans would do their depositing in the same institution. This would give the state bank an advantage over the national bank. In this locality a state bank would be more profitable as the obtaining of deposits would mean a greater return of profit on the capital invested and at the least outlay of capital considering the minimum with which a bank of either kind may be started. National banks differ from state banks in that they may be made the depositaries of government funds such as funds of the U. S. and postal savings deposits. They may also be made reserve banks for other national banks. Their advantages allow greater growth in deposits to the national banks while the state banks may not partake of these advantages. National banks have the additional advantage of issuing currency upon the depositing of government bonds with the comptroller of the treasury, while state banks by the prohibitive tax of 10 per cent. cannot do this on an equal basis with them. The fact that national banks are government depositaries adds not only dignity to these institutions but also the assurance that the government has faith in them and these attributes create a confidence in the banks by the people to deposit their money in institutions which the United States deem safe enough for their own money. Especially is this true in states whose bank supervision is not as strict as that of the national banks."

C. M. Sisk has this to say about "Bank Administration": "It is the duty of the bank directors to direct the policies of the institution, and in the smallest banks should meet at least once each month, and look into the record of the past month's business, a good general form of procedure would be to (first) examine the resources and liabilities, (second) new loans, (third) past due paper, (fourth) over-drafts, and (fifth) go over each item of expense, after which the general welfare of the bank may be taken under advisement, and improvements made where necessary. The above applies mainly to the smaller banks, however, the main deviation found will be with regard to the period of time existing from one meeting to another. When a shareholder is elected as a director and takes the oath of office, he assumes a great responsibility, in fact, there are few positions of greater responsibility and if he is not in position to give his attention to the duties, it would be far better for him to refuse to accept the position. Upon the directors fall the responsibilities of loaning money, and so conducting the affairs of the bank that the depositors may be paid on demand. In the vaults of the bank are the funds intrusted to the institution by the public, a public that is ready to withdraw upon the slightest alarm, and when the alarm comes, all eyes turn to the directors. Properly fulfilling the duties of a director is no light task."

### DALLAS.

By John L. Crosthwait.

DALLAS CHAPTER has not been heard from through the columns of the JOURNAL-BULLETIN for some time, probably due to the fact that all members have been too busy with chapter affairs and plans for the new year. The programme and educational committees have prepared and have had printed in a neat booklet the outline for the year's work, including the Banking and Law Courses, as outlined in the regular course of the American Institute of Banking, as well as social features to be interspersed with the regular programme for the year. The programme provides for study classes every Tuesday night, and special lectures on the subject at hand following immediately after the study classes for two Thursday nights in each month.

Our list of special features includes some of the most prominent men in banking circles, and members of the Dallas Bar. The list includes Professor E. C. Cockrell, M. A. Ph.D., instructor in Political Economy, Texas Christian University, Fort Worth; T. L. Camp, counseling attorney for the Commonwealth National Bank; W. R. Harris, counseling attorney for the National Bank of Commerce; Judge Edward Gray, counseling attorney for the Dallas Trust and Savings Bank; H. C. Coke, counseling attorney for the American Exchange National Bank; W. T. Henry, counseling attorney for the Guaranty State Bank & Trust Co.; John Sparger of Sparger & Gibbons, Cotton Exchange brokers; R. D. Gage, first vice-president First National Bank, Fort Worth; D. L. Lawhon, auditor City National Bank, Dallas; S. J. McFarland, vice-president Guaranty State Bank & Trust Co., Dallas; E. R. Tennant, secretary United State Bond & Mortgage Co.; Wade B. Leonard, stock broker; Nathan Adams, cashier American Exchange National Bank; J. D. Gillespie, assistant manager, Dallas Clearing House Association, and M. B. Keith, assistant cashier Guaranty State Bank & Trust Co. It can readily be seen that we have quite an array of both the banking and legal talent to draw from.

Our study classes started off very auspiciously on December 7 with an enrollment of about 40 class members, and we have succeeded in stimulating the interest of the boys in the class work to the extent that we have an average of 30 to 35 in attendance at all of our classes.

On the night of December 14 Dallas Chapter turned out en masse and entertained about 105 members of the Fort Worth Chapter. Suitable decorations were placed in the commodious clubrooms. After a general handshaking and welcome to the visitors, the programme for the evening was announced, the feature of which was a debate, "Resolved, That the Aldridge Bill should be adopted as a whole, as endorsed by Senator Burton in our last session of Congress." Fort Worth was represented by E. P. Williams of the Continental Bank & Trust Co. of Fort Worth, and H. P. Sandidge of the State National Bank, Fort Worth; Dallas being represented by Forrest Mathis of the American Exchange National Bank, and Allen Richie of the Dallas Trust and Savings Bank, the judges including D. E. Waggoner, R. A. Ferris, Judge O. A. Gillespie, S. P.

Perry and Elmo Sledd. The arguments for both sides were presented very forcibly, calling forth applause time and again. In a very neat little speech Judge Gillespie complimented the debaters very highly for their work, and expressed himself as very much pleased with the manner in which such a big question was handled. He announced the decision of the judges in favor of the affirmative.

Professor Cockrell of T. C. U., Fort Worth, spoke on "Wealth and Money," on December 5. Professor Cockrell having studied the banking conditions of the various countries of Europe as well as being a student of banking conditions in this country for a number of years, is peculiarly fitted to handle a subject of this kind, and his talk was listened to with a great interest by the chapter members.

As explained before, our programme calls for our regular study classes each Tuesday night, with the special lectures to follow, and Dallas Chapter has every reason to believe that they have now started on an educational campaign which will result in a number of A. I. B. certificates at the end of the year, besides offering a splendid educational advantage to the young bank men of Dallas at a very nominal cost.

Heretofore we have experienced a great deal of trouble in interesting our young men to the extent of making any preparations for study classes, and it has only been by hardest effort that we have been able to get a few men out to our lectures and study classes.

Our president, S. D. Beckley of the City National Bank is pushing the educational work of our chapter, and we feel that we are indeed to be congratulated on having such a wise, energetic and capable young man at the head of our chapter.

#### DENVER.

By Wm. O. Bird.

**A**T the December meeting of the chapter M. M. Schayer gave a very interesting and instructive talk on "Colorado Resources." He pointed out our natural advantages and enlarged upon them and then called attention to some of the drawbacks which he characterized as being "in the red." Chief among these latter were "the knockers and some of the news-papers."

After the meeting the members inspected the new rooms which the chapter has recently acquired on the third floor of the Chamber of Commerce Building. We have four large rooms. The first is used by the clerks of the clearing house for their daily meeting. The next two have been thrown into one by the removal of the partition and contain a fine pool table with a library top. It makes a fine class room for the Commercial Law Class. The last room is fitted up with a piano, large table, roll top desk, rockers and other chairs, etc. The chapter is indebted to the Denver Clearing House for these handsome and home-like rooms as they are very kindly bearing a large share of the monthly rental.

The January meeting was made notable by a very able address by Professor Warfield, of Denver University, on the "National Reserve Association." Professor Warfield threw a great deal of new light

on this more or less threadbare topic. He presented seventeen arguments that had been advanced favoring the measure and seventeen in opposition. The professor expressed an opinion that it was extremely doubtful whether a Democratic Congress would have anything to do with proposed legislation that had originated under Republican administration. The professor is very able conducting our large and enthusiastic Law Class, which meets once a week. An informal reception with refreshments and music by a male quartet rounded out a very profitable and pleasant evening.

The many friends of our president, Mr. Weston, will no doubt be surprised and pleased to learn of his having stepped into the ranks of married men this month. The good wishes of the chapter will always be with the young couple.

The annual dance of the chapter will be held February 11 in El Jebel Temple and will no doubt be a great social event, as it always is.

#### DULUTH.

By A. W. Taylor.

**O**UR class in banking, under the direction of G. W. C. Ross, a prominent attorney here, is going along very smoothly with an average attendance of 15, which we are trying to raise to 25 at least.

On Thursday evening, January 16, the class listened to papers by C. J. Grogan of the Northern National and G. H. McCarthy of the First National on currency reform. Their papers were thoroughly enjoyed by those present, Mr. Ross commenting favorably upon their work.

On the evening of February 6 we are to have papers from Messrs. John Evans of the First National and A. W. Taylor of the City National on the subject of Professor Fisher's Unshrinkable Dollar.

Friday evening, January 17, was the evening of our second dance of a series of four to be given this season and it proved to be a most enjoyable affair. About a hundred couples were present, and we were especially pleased to have a large attendance of our members.

We are planning to have a short course in English and rhetoric to start about February 10. We hope to have a large class enrolled for this work.

#### FORT SMITH.

By E. Peninger.

**O**UR chapter has been doing nice work the entire season. At times it seems pretty hard to keep up the enthusiasm started out with, but the ones who start in and drop out are the ones who don't amount to so much after all, so we are doing now the work that counts—hard study with enough variation in the way of "open meeting nights," adding machine contests and essays by members to make the sessions interesting.

There were nine contestants in the adding machine contest which the Burrough's people gave, and three prizes were "pulled down" by the following: B. H. Connor, American National Bank, first, 4:24; C. B. Herbert, First National Bank, 4:35; R. H. Jack-

son, Jr., Merchants National Bank, 4:52. This was the first contest the boys had ever taken part in and it was new to some, and so they have promised that these figures will be materially lowered in the next annual "bout."

Honors have again come to our chapter. Our very capable president, Wood Netherland, has been promoted to the secretaryship of the Arkansas Valley Trust Company. The directors of that institution recognizing the ability and zeal of Mr. Netherland as a bank man and chapter leader, have worthily conferred upon him the honor and responsibility incident to the position.

#### HARTFORD.

By E. R. Barlow.

**W**E were rather unfortunate in not being able to hold a regular meeting in January, or rather, to carry out our programme as we intended. According to our schedule we were to hold our annual adding machine contest on the evening of January 21, but owing to the fact that a new manager has been appointed to the local Burroughs' office, we have postponed this event to February. In place of the contest we made arrangements with a well-known college professor to come to Hartford and give us a lecture, but he wanted a guarantee of attendance which we were not in a position to give him, so we thought it best to do without a meeting rather than have one without a special "drawing card." By no means has the chapter been inactive.

On the evening of January 28, the officers, Board of Governors and Board of Consuls held a joint dinner at Bond's at which there was an attendance of about 25 members. Several impromptu speeches were made which stirred the men to push the educational work of the Institute, in their bank, and to get every man of the financial institutions in town to become a member of the chapter and one of its study classes. Pamphlets, such as are used in our courses, were distributed to each consul, and the class method of studying and the benefits to be derived therefrom were thoroughly explained to them by the officers. We hope, as a direct result of this meeting, to see a great many new faces in our classes in the future. As one of the diners remarked, "With the memory of this fine dinner ever before me, I feel as if I could get every man in our bank to join a class and stick to it." I think he adequately described the feelings of every man present, both as to the quality of the dinner and the knowledge to be gained in chapter work.

The law class has finished the study of Contracts, and is now taking up Agency and Trusteeship. The attendance at these meetings has been excellent, only a few of the men who were enthusiastic members of the class when they joined being occasional absenteers. It is hoped that these few, now that the "first of the year" rush is over, will again join us in the study of this new subject.

Notices have been placed in the hands of each member, giving the rules governing a contest for the best essay on the question of "Reforming and Improving the Present System of Collection, by Banking Institutions, of Checks, Drafts, Bills of Exchange,

Etc." Meigs H. Whaples, president of the Connecticut Trust and Safe Deposit Co., has offered a prize of \$20 for the best paper on this subject, which is of vital interest to the bankers of the country. The rules are as follows:

1. Any member of Hartford Chapter of the American Institute of Banking may compete.
2. The essay is not limited to any number of words.
3. The essay must be written on one side of the paper only.
4. The essay, signed with a fictitious name, must be mailed to the president of the chapter, not later than April 1, 1913, in a plain envelope, enclosing also a plain sealed envelope, marked on the outside with the fictitious name and enclosing the real name of the author.
5. Announcement of the winner and awarding of the prize will be made at our annual banquet.

The judges will be George F. Hills, president of the State Bank; James H. Knight, president of the First National Bank; Alfred Spencer, Jr., president of the Aetna National Bank.

#### JACKSONVILLE.

By J. E. Stephenson.

**I**T is with profound regret that we announce the resignation of E. T. Schenck as secretary and treasurer of Jacksonville Chapter. In addition to his work as secretary and treasurer Mr. Schenck has also been instructor for the chapter, and in token of our appreciation of his services during the past year the following resolution was introduced by T. J. Brooks, cashier of the Guaranty Trust & Savings Bank:

"Resolved, By Jacksonville Chapter, American Institute of Banking. That this chapter learns with regret of the continued ill health of Edwin T. Schenck necessitating his retirement from the position of secretary and treasurer and instructor. Mr. Schenck has endeared himself to every member of this chapter by his untiring efforts for the advancement of the work of this chapter, and his able and conscientious performance of the duties of instructor. The best wishes of every member of the chapter are extended to him with the hope that he may soon be restored to health and that he may ever be attended by prosperity and happiness."

R. A. Yockey has kindly consented to act as temporary instructor, and at the regular weekly meeting held on January 23, A. C. Martin of the Florida National Bank was elected secretary and treasurer.

It was announced last week that three prizes of \$10.00 each would be offered for the best papers on each of the following subjects:

- (1) The handling of cash items and collections, stating liabilities of all parties concerned.
- (2) The necessary steps in securing credit information, and the essential points to be considered in making unsecured loans. (Unsecured meaning without collateral.)
- (3) The analysis of bank and business statements of condition.

It has been rumored that there will be some very keen competition for these prizes, and we expect to have some good papers when the contest closes on February 15.

#### MINNEAPOLIS.

By Walter J. Tobin.

THE first of the new year finds the members of Minneapolis Chapter busily at work on the several activities which the chapter has in hand this winter. Our system of monthly meetings has now been tried long enough to have proved its if an unqualified improvement over the experiences of past years. The classes conducted by the University of Minnesota in conjunction with the chapter have been well attended and the close of the year will see quite a number of the members with enough university credits to entitle them to the Institute certificate. The university has made a very successful effort to make the instruction so interesting as to hold the attention of the members and there has been practically no diminution in the number who started the work in the fall and those who are still at it.

At the December dinner and meeting given by the chapter, W. L. Harris, one of the leading merchants of Minneapolis, addressed the members on "Men and Machinery." The wonderful business success of Mr. Harris gave a weight to his words and carried a ring of conviction to his hearers that is seldom present in the average after-dinner speech. Gray Warren, manager of the exchange department of the First National Bank, spoke on the evolution of the transit department methods in vogue among the most up-to-date banks of the country. Starting with the earliest known commercial instruments engraved on bricks and carried around in a hod-carrier, Mr. Warren traced the gradual development of banking down to the present time. He declared the efficiency of the American transit department was the marvel of all European bankers and excited the wonder and admiration of the world. The concluding feature of the programme was a chalk talk by "Bart," the cartoonist of the Minneapolis Journal, whose work has an international reputation.

#### NEW YORK.

By Harold S. Schultz.

BEFORE this issue of the JOURNAL-BULLETIN is issued the greatest event of the year for New York Chapter will have taken place. The grand ballroom of the Astor with its superb decorations will have witnessed a feast, the excellence and grandeur of which can hardly be expressed by mere words. At present we can only forecast the pleasure of this particular banquet, but judging from those of the past, attended by upward of a thousand men and addressed by speakers of world renowned eloquence, it is only fair to anticipate it with thrilling enjoyment.

Of course the idea of the banquet and the preparations for it have taken much of our time and much of our thought, but at the same time we have not neglected by one iota the serious side of our work, and our classes are just as well attended and every-

thing goes on with the same systematic precision as it would were there no such pleasantly distracting subject on our minds.

The Monday night class under Professor Drury is now devoting one-half of its time to public speaking. Mr. Drury directs each speech and advises as to the particular needs of the speaker. Great interest is shown in this work and the men attend faithfully and are making great progress. It is easy to see that the value of this particular kind of work is being appreciated; as one of the members of this class said in chapter meeting the other night, the course is a great developer of "nerve," and there is no other element of a man's character which, when used with discretion, can do him more good.

The Banking Class on Tuesday night continues to hold its registered members with splendid success. The attendance in this class averages 250 per night. The pamphlets of the study course of the Institute have been distributed to each of the men of this class who have attended faithfully and shown a disposition to make good. The matter which these pamphlets contain has been compiled by practical bank men, who understanding the needs of the clerk even more than anyone else, have stated the valuable information concisely and clearly. In a number of cases these same men have delivered lectures on their subjects. Consequently it is plain to see that the combination of lecturer and pamphlet makes a powerful medium of thorough information.

Wednesday evenings, beginning with the 5th, will be devoted to a series of lectures on "Credit," under the direction of Charles E. Meek, vice-president of the Fourth National Bank. The following men are slated to give lectures on this subject: Edmund D. Fisher, deputy comptroller of the City of New York, "Credit the Chief Instrument of Civilization"; J. H. Tregoe, secretary and treasurer National Association of Credit Men, "The Credit Man"; Frank S. Flagg, former president New York City Association of Credit Men, "Commercial Credits"; Samuel Douthert, credit manager Gimbel Brothers, New York, "Credit Work in a Department Store"; James Mathews of the National City Bank of New York, "Bank Credit"; William Kennard of Graupener, Love & Lamprecht, New York, "Gathering Credit Information"; Henry R. Roden of the Bradstreet Mercantile Agency, New York, "The Mercantile Agency"; John N. Thorne of Hathaway, Smith, Folds & Co., "Commercial Paper"; Frank L. Odell of the National Jewelers' Board of Trade, Providence, R. I., "Collections"; Charles Biggs, actuary, Hat Trade Credit Association, New York, "Peaceable Settlements"; Harold Remington of the New York Bar, "The National Bankruptcy Law and the Business Man"; Charles E. Meek, vice-president of the Fourth National Bank, New York, "Safe Guarding of Credits by Law"; Frederick H. Hurdman, C. P. A., New York, "The Audit from the Standpoint of Credit Information"; George W. Hays, Benedict & Benedict, New York, "Insurance and Its Relation to Credit Granting"; William Walker Orr, assistant secretary National Association of Credit Men, New York, "Credit Literature"; H. F. J. Porter, secretary American Efficiency Society, "Efficiency in Business"; Roger W. Babson, Babson's Statistical Bureau, Wellesley Hills, Mass., "Psychology of Credits"; B. J.

Perkins of the Daily Trade Record, "The Ins and Outs of Credit Work from the Viewpoint of a Newspaper Man."

The course of Negotiable Instruments, which has occupied Thursday nights of the past two months, under the direction of Professor L. J. Tompkins, has been completed, though we are glad to say that we have not heard the last of Professor Tompkins for the year. We will again have the pleasure of listening to him on the subject of "Bailments." The Professor, in his usual interesting way, has given the men of his class much good information and much to think about. The spirited manner in which questions of law are discussed in this class has gone far to make it one of the most popular courses that we give. The fact that the greater number of our men are registered for the first year course and attend that course only, has caused a much smaller registration in the Thursday night course, for no man can register in both courses. Therefore we are looking for great things in this direction next year.

The post-graduate course on alternate Friday evenings, under the direction of R. B. Cox, assistant cashier of the Fourth National Bank, has brought out a number of excellent theories and the men who gather here on that night for discussion have found a great deal of benefit as well as pleasure in the work.

Three of the vacant Friday nights in the near future will be occupied with lectures dealing with savings bank problems under the direction of V. A. Lersner, assistant cashier of the Williamsburgh Savings Bank. The first lecture in this work will be on February 28, and given by John M. Laud, of counsel for that institution.

Chapter night was celebrated on the 21st of the month. After some more discussion on the subject of smoking during lectures and a resume of business details of the month by President McWilliam the members were addressed by Samuel Ludlow, Jr., president of the Union Trust Co. of Jersey City. Mr. Ludlow's address is published elsewhere in this issue of the JOURNAL-BULLETIN.

After a number of excellent piano and vocal selections rendered by Rubey Cowan and Maurice Ritter of the York Music Co., the meeting adjourned.

We are proud to make the following announcement regarding our members:

Henry Elgarten, formerly of the Jefferson branch of the Century Bank, is now manager of the Madison Avenue office of Camman & Co., members of New York Stock Exchange.

George F. Gentes of the Aetna National Bank is now cashier of that institution.

E. V. Connolly, formerly cashier of the Aetna National Bank has been elected president of the Commercial National Bank of Long Island City.

W. E. Keller, formerly of the National Bank of Commerce, is now cashier of the Merchants National Bank of Jersey City.

We are also proud to announce that a very handsome engraving has been donated to the chapter by V. A. Lersner of the Williamsburgh Savings Bank.

#### OAKLAND.

By S. C. Scott.

OAKLAND CHAPTER at its regular monthly meeting held Thursday evening, January 23, listened with interest to Mr. Thelan's address on the "Public Utilities Act of the State of California." Mr. Thelan is attorney for the Railroad Commission, which commission, by Act of March, 1912, was empowered to enforce the provisions of the Public Utilities Act, which places within its control the fixing of rates, demanding and enforcing adequate service and supervising the stocks and bond issues of public service corporations. While this Act has been in force less than a year, Mr. Thelan reports that "through the supervision and enforcement of its provisions by the commission the people of the state will be saved millions of dollars annually."

The following resolution, which was presented and adopted at our regular business session which was held prior to Mr. Thelan's talk, explains in large measure the greatly increased popularity of our clubroom since the holidays:

"Whereas, Through the generosity of The Oakland Bank of Savings the chapter has been presented with a beautiful Victrola that is such a welcome addition to the equipment of our rooms, and

"Whereas, The First National Bank, the Central National Bank, the Union Savings Bank and the Farmers and Merchants Savings Bank have supplemented this gift by the contribution of funds for the purchase of records; therefore, be it

"Resolved, That the Secretary be instructed to express by letter to the officers of these banks the thanks and appreciation of the chapter and its members for these donations; that these resolutions be spread on our minutes and published in the Bulletin of the American Institute of Banking."

Our members are looking forward with pleasurable anticipation to the annual banquet to be held February 14 at the Hotel Oakland. The Banquet Committee are hard at work and promise a programme and menu that cannot fail to satisfy the most exacting.

#### PHILADELPHIA.

By Armitt H. Coate.

THE New Year has now been heralded with the usual blare of trumpeting, and in the aftermath some of us are already discounting our good resolutions. The new page has been turned, however, and let us realize that the wheels of progress cannot all be kept moving by the popular "make and break" type, and rather than be content to remain an ordinary "four-cylinder" plodder, let us cope with this age of advancement and add two more cylinders in our efforts toward efficiency.

Let us keep Philadelphia Chapter, in its varied lines of activity, so far to the front that no Philadelphia bank man can hope to be a "1913 Model" unless he be enrolled in its membership, and become an enthusiastic worker for the A. I. B., and thus share in the educational development, mental diversion and social intercourse of the banking fraternity. May

this "motorlogue" be interpreted to not only encourage a larger membership for the new year, but to urge that each one keep busy in promoting greater successes for the chapter during 1913.

Our January meeting was held at the Engineers' Club, and a very able discussion of the currency question was given by Alexander Gilbert, president of the Market and Fulton National Bank of New York. Mr. Gilbert characterized the present banking system as antiquated and as having outlived its effectiveness by half a century, and spoke of the necessity for the establishment of a central reserve association. In emphasizing the fact that our present currency system is half a century behind progress he calls our attention to the over-expansion of business and excessive speculation for which no provision is made, and as a result we are unable to meet the demands for credit, on which approximately 95 per cent. of the yearly business of this country is done. From the conditions that arise when these occasions are met we often find ourselves in the throes of a panic, and the only remedy that presents itself is in the establishment of the central bank. Criticisms that this would result in a failure because it would be dominated by the moneyed interests of the country and hampered by the powers that exist in Wall Street are unjust, as provision has been made by those who drew up the bill that is at present before Congress, that it shall be controlled by the representatives from fifteen districts throughout the country, each one of which shall be entitled to two representatives and at its head will be four government officials. This possibility is further guarded against by reason of the fact that the bill leaves no loophole for non-conservative speculation in Wall street, and also because the National Reserve Association will have at its command 50 per cent. of its entire reserve on hand to provide against all deposits and notes. He concluded by condemning the present age as one of extravagance, and asserted that to this extravagance alone is due the high cost of living and labor, social unrest and crime.

Alba B. Johnson, president of the Baldwin Locomotive Works in an address on "The Chamber of Commerce of the United States of America" strongly advocated such a national trade body, emphasizing the great power for good this body would possess in the formation of public opinion, now so strongly dominated by the press to the detriment of the public welfare. The progress of the various cities of the country and of the nation itself is being retarded by the petty jealousies that exist among the separate trade bodies, which condition can be eliminated only by all working in unison. And in the successful organization of this chamber of commerce proposed by Charles Nagel, Secretary of Commerce and Labor, in unifying the various trade organizations as a national body, we will witness the proper discussion and solution of such problems as the employers' liability law, Panama Canal regulation, the tariff and interstate commerce.

A special committee has completed plans for the study of the new post-graduate course adopted by the Institute, as outlined in the August JOURNAL-BULLETIN. This movement has been heartily endorsed, and should be the means of thoroughly awak-

ening the interest of our older members in chapter activity. The class is open to all members, but only Institute graduates may qualify for the writing of the thesis, which, if accepted by the examining board of the Institute, entitles the student to become an "associate of the Institute."

Our debaters are on the alert preparing for a triangular skirmish with Washington and Baltimore. Each side is to have two teams in this three-cornered fight, one debating in the home city on the affirmative side, the other a visiting team on the negative. At the conclusion of this affair we shall be fully informed as to whether legislation should be enacted empowering national banks to establish branches.

A most gratifying report has been turned in by the Membership Committee showing the Consulate team, under the captaincy of N. T. Hayes, as winners in the friendly contest for soliciting new members. In appreciation of their labors, a dinner will be tendered by the chapter to this winning team.

#### Morris for Executive Council.

At the last meeting of Philadelphia Chapter, a resolution was unanimously adopted endorsing Eugene J. Morris, of the Manayunk National Bank of Philadelphia, as a candidate for the Executive Council of the American Institute of Banking.

For more than ten years Mr. Morris has been one of our most active and valuable members. He has served since 1903 as a member of our Board of Governors, holding during that time the positions of president, vice-president and others of importance, heading frequently, and with marked success, some of our most important committees. He is an Institute graduate and has served as chairman of our Educational Committee; in fact, is at the present time a valued member of that body. Mr. Morris is known to many men of other chapters through his attendance at the conventions held in Minneapolis, Atlantic City, Providence, Chattanooga and Rochester.

Philadelphia Chapter desires in the year 1913 to take a more active part in the work of the Institute, and solicits the support of other chapters toward the election of Mr. Morris.

#### Committee:

Wm. A. Nickert, Chairman,  
Armitt H. Coate,  
William S. Evans,  
Frank C. Eves,  
Carl W. Fenninger,  
Freas Brown Snyder,  
O. Howard Wolfe.

#### PORTLAND, OREGON.

By E. C. Sammons.

**P**ORTLAND CHAPTER is absorbed in a minstrel show scheduled for February 25, yet the educational work is being carried along at even tenor, with an average attendance of 50 members. C. S. Loveland, Portland Clearing House bank examiner, is at present conducting the class through the text-book appertaining to "Banks and Banking." Mr. Loveland has recently returned from a vacation trip in southern California with the "Royal Rosarians,"

who represented the Rose City at some of the floral fêtes of "Bear State" cities, notably Pasadena and San Diego.

A membership campaign has been carried on the past two months with most encouraging success. October's report showed a membership of 176; however, 36 were dropped for non-payment of dues, yet President West reported a membership of 225 January 15. Never before in the history of the chapter has such enthusiasm and interest been displayed. Secretary Bancroft distributed 73 new membership cards January 20.

"Social Hygiene" was Dr. William House's theme in his lecture at the regular monthly meeting of the chapter, held January 14. Dr. House, who is prominent in Oregon medical fields, gave a frank, fatherly talk to the bank clerks and demonstrated a wide grasp of his important subject. Nearly 75 persons were in attendance, and attention was undivided as shown by the questions propounded at the conclusion of the address.

Ross MacDonald, well known in chapter work at Seattle, is the latest adjunct to Portland's banking family. He has accepted the position of assistant editor of the "Pacific Banker," under Lydell Baker, and assumed his office January 13.

J. W. Newkirk, cashier of the First National Bank, is temporarily incapacitated by paralysis.

A. L. Tucker, assistant cashier of the Lumbermens National Bank, and Mrs. Tucker spent the month of January in California.

#### SALT LAKE CITY.

By Q. B. Kelly.

**I**N the October issue of the JOURNAL-BULLETIN special stress was laid on the fact that this city received an impetus from and by reason of the convention having been held here, and that every man of the chapter was prompted to better effort from the incentive given to us by the "100 point" men who had gathered here, and that in seeing those "live wires" progress in banking promotion a precedent was given us to strive for the same result.

It is indeed so, for following in the wake of that higher standard that was shown to us, the January issue of the JOURNAL-BULLETIN contained the article prepared by Mr. Beckwith as to the promotion of the writer to the position of cashier of the Citizens State Bank at Bingham, and we now follow with other news. The roll of honor of Salt Lake Chapter has received several new names of Institute members appointed to executive positions—J. A. Malia has been appointed assistant cashier of the National Copper Bank of this city, H. M. Chamberlain and L. C. Van Voorhis have been advanced to assistant cashiers of Walker Brothers, bankers; Frank Beckwith goes to Delta, Utah, as cashier of the Delta State Bank; Emanuel Bollschiweller has been advanced to the position of receiving teller of the Deseret National Bank; John D. Fife has been promoted to receiving teller of the National Bank of the Republic, and Charles R. Mabey, cashier of the Bountiful State Bank, has received the Institute certificate for examinations passed. E. Wellington Lake transfers from Walker Brothers Bank to the newly or-

ganized Farmers & Stockgrowers Bank, and Charles Tingey, formerly secretary of state, and preceding that cashier of the First National Bank of Nephi, has assumed the position of cashier of the Farmers & Stockgrowers National Bank. Certainly 1913 will be the banner year for Salt Lake City, and we are proud to state that Salt Lake Chapter receives its full share of recognition.

J. A. Malia came to Salt Lake City upon the organization of the National Copper Bank in 1910, from Ely, Nev., where he had previous banking experience with Bank of Ely, afterward converted into Copper National Bank of Ely. He entered the employ of the National Copper Bank as general book-keeper, and Salt Lake Chapter congratulates him most sincerely on receiving so rapid an advance. Malia has been active in chapter affairs and his



FRANK BECKWITH

interest will not wane except as more pressing duties demand his time and efforts.

H. M. Chamberlain began with Walker Brothers Bankers when we still said "the nineteenth century," and has grown into the policy and organization of this big banking house. He and Van Voorhis were considered even before this promotion as of the family of the bank, and their long service finds this fitting reward. Mr. Van Voorhis is patentee of the Van Voorhis System of Bank Balances, which is winning favor, not only locally, but is gaining wider adoption.

Frank Beckwith was formerly assistant cashier of Beckwith & Co., bankers, of Evanston, Wyoming, which position he relinquished in 1899 to come to Salt Lake City to learn the banking methods of a larger bank, working for McCormick & Co. for nearly two years, when he returned to Wyoming as cashier of the little private bank, and retained that position until 1906. His experience covers a little over seven years as cashier of a country bank, and he should be

well equipped to manage the bank he now affiliates with, particularly as the class of patrons is nearly the same, being largely agricultural and stock raising. For several years Frank Beckwith has been a "wheel-horse" in the Salt Lake Chapter, always "up in the collar"—"drilling," wherever the interests of local banking could be promoted. His sterling worth and congenial presence will be missed, as he goes out into the larger field, but the best wishes of Salt Lake Chapter go with him, and we hope for him that success which his ability merits. The literary excellence of Salt Lake chaptergrams has been commented on by men high in Institute circles and Mr. Beckwith's originality is responsible for it.

George H. Butler, late paying teller at the Utah State National Bank, has been given the responsible position of note teller and creditman. George is an expert accountant and has the loan department at his finger tips, in a systematic and practical arrangement.

John James goes from assistant receiving teller to assistant paying teller at the Utah State National, bringing new responsibilities, which Mr. James' ability will assume with caution but conquer with ease.

Fred Rich, an old landmark of the late Utah National, and until recently chief statement clerk at the Utah State National, has received a well earned promotion, and goes to the receiving cage well equipped for his new duties.

With all the recognition chapter members are receiving, not only should it inspire our local younger people, but be of wide spread interest to our sister chapters, and be the means of setting other pushers on the path to official positions.

With the rapid development of the Intermountain West there are arising many opportunities for young men to go out into the country and become identified with banks in official positions. In such positions the cashier is forced to take large responsibilities and to act as pilot to the board of directors; it brings out the most that is in the man and tends to enlarge his growth in a broad manner seldom open to an employee of the very large city banks. Of such men similarly developed, Salt Lake Chapter is justly proud of Charles R. Mabey, cashier of the Bountiful State Bank, favorably known to Institute delegates, who will recollect his oratory in behalf of this city when the convention of 1911 cast its ballot to hold the tenth annual meeting here, and were again delighted with him when here last August.

#### SAN FRANCISCO.

By Wm. A. Marcus.

JANUARY has been a busy month for our members. Afternoon classes have met twice a week and the public speaking class has held its regular evening meeting. A smoker on the 16th brought out a hundred and sixty members and it is gratifying to say that nearly as many attended the address of F. L. Lipman, vice-president of the Wells Fargo Nevada National Bank on "The Value of History to the Banker," given on the 21st. The following paragraph is an extract from Mr. Lipman's talk: "The banker's safeguard is a knowledge of the history of banking." There he will find that in the development of the

modern business world there has been a constant antagonism between the desirable improvement and the ways and means of accomplishing it; between progress and conservation; between fixed assets and liquid capital. He will learn that the business man has been the pathfinder, the progressive one, the promoter of projects, the designer, inventor and builder; while on the other hand the banker has had to counsel prudence, conservation, to count the cost, to foresee difficulties and provide for them, to maintain the liquid capital of the community. An excess of caution might indeed produce dry rot; but a lack of the foresight has often brought a breaking down of the business machine, with tremendous losses and wastes. The office of the conservative has generally been a thankless one, especially when prosperity and confidence have prevailed; it has therefore been the more difficult to fill. It is herein that the banker must recognize a demand upon his professional experience and ability, and it is of first importance that he should realize that his responsibility is limited to this function. To accomplish this he must understand what is his place among economic activities and this understanding he is unlikely to acquire without a knowledge of the growth and development of his profession, together with the leading instances in modern times, at least, of good and bad banking.

#### SEATTLE.

By W. T. Burke.

INSTITUTE members who read the monthly reports of the different chapters must not conclude that

Seattle Chapter is out of commission since no chaptergram appeared in the January JOURNAL-BULLETIN. The responsibility of preparing such a report has been shifted to other shoulders and we were a little late in forwarding our contribution with the result that it reached the editorial rooms after the publication had gone to press.

Ross Mac Donald, who has been the efficient chairman of our Press Committee for the past two years, has severed his connection with the First National Bank here to take a position with the Pacific Banker, of Portland, Oregon. We are sorry to lose Mr. Mac Donald, but we hope the Portland Chapter will put him to work there, and we are sure they will as soon as they become acquainted with him.

At the December meeting further consideration was given the report of the Committee on Revision of the Constitution. As mentioned in the December chaptergram, the associate membership clause had already been removed, thus making it possible for bank officers to hold office in the chapter. The old constitution also required candidates for office to file a petition of fifteen names of members in support of his candidacy, and through experience it has been found that the best timber will not go to so much trouble in seeking office. An amendment was adopted providing for a primary system of nominating candidates; the primary election to be held at the regular monthly meeting next preceding the annual meeting in April. Any member of the chapter may file for office before this primary, and it is hoped that some spirited contests will develop to stimulate interest in the election.

Plans are being made for post-graduate work, and as soon as our new library is installed reading matter will be available so that those who desire may begin work, even though they are not now Institute graduates. After May, 1913, we expect to have a large number of certificate holders who will then be eligible to complete the advanced work.

At the meeting held January 21, Judge King Dykeman of the King County Washington Superior Court delivered a very instructive and entertaining talk on the court system of the State of Washington. After explaining how the work is divided between the nine departments of the Superior Court of King County, in which Seattle is located, Judge Dykeman told of the varied and sometimes unusual cases the courts are called upon to decide.

We are pleased to chronicle the fact that R. H. Edelen, of the Northwest Trust and Safe Deposit Company, has been promoted to the office of assistant cashier of that institution. Mr. Edelen has been, and we hope will continue to be, one of the active members of our chapter. He has served on the board of governors and has also done valuable committee work from time to time.

#### SPOKANE.

By C. E. Cooper.

OUR January open meeting was held on Wednesday, the 7th, at the Inland Club rooms and nearly every bank man in the city was present. It was presided over by Bert Russell, the president of our chapter, and was in the form of a dinner, after which the following program was rendered—music being furnished during dinner by Mr. Rath from the Orpheum circuit, who played several piano selections. Vocal solos were sung by Messrs. Hardwick and Schiesl of the Spokane & Eastern Trust Company, who responded to encores. V. T. Tustin, an attorney of this city, then spoke on the tariff question. Although Mr. Tustin's time was limited, he gave us a very clear and concise outline of the question, and I am sure everybody present learned something and greatly enjoyed hearing the speaker. W. H. Button spoke very interestingly of the stock exchange and its value to the people. I. W. Beadle, cashier of the Washington Trust Company, gave a short talk on the development of a bank clerk from the ground up. His talk was listened to with a great deal of interest. Mr. Anderson, assistant cashier of the Fidelity National Bank, gave a talk on the opportunity of a bank clerk under the direction and supervision of the Institute, which was also very interesting. This is our first attempt at holding our meetings in this way, and as it was so successful in every way, we intend that it shall not be the last. It will not interfere, however, with our annual banquet during the election of officers each April.

It is with great regret that we record the death of one of our members, R. E. Swordling, of the Spokane & Eastern Trust Company, who died Sunday, January 19.

The Law class is getting along fine in spite of the good sleigh-riding. There is about two feet of snow on the ground—the largest snowfall we have had for several years. We have finished the subject of Contracts

and Sales and Bailments, and are now commencing Negotiable Instruments.

#### WASHINGTON.

By Frank V. Grayson.

THE first of ten lectures of the course on the Law of Negotiable Instruments, by Prof. Chas. A. Douglas, was given at the chapter rooms Wednesday, Jan. 22. This is designed to be the most beneficial educational endeavor ever undertaken by the chapter and an excellent opportunity is afforded those who desire a knowledge of the laws of bills and notes; which is very essential to every bank man. Prof. Douglas is co-author of Daniel and Douglas on Negotiable Instruments, a lecturer at Georgetown University, where Douglas and Daniels book is used as a text book for this work and he is also an honorary member of Washington Chapter. Prof. Douglas is giving of his valuable time to give these lectures to us and he says it is a labor of love and if those who listen to him through this course of lectures will give as much time and labor to it as he will, he will feel that his labor of love will not have been in vain. Please note: These lectures will be held on Wednesday evenings instead of Thursday.

The triangular inter-city debate between Washington, Baltimore and Philadelphia Chapters will be held Friday evening, February 21. Subject: "Resolved, That the National Bank Act be so amended as to permit of the establishing of branches." Two men from each city will debate as follows: Washington at Baltimore, Philadelphia at Washington and Baltimore at Philadelphia. The men who debate at home will take the affirmative side and the men who travel will take the negative side, so that each city has both sides of the question to talk on, on the same night. Washington Chapter will be represented by H. H. Smith, of the National Savings and Trust Co., and Harry C. Blanton, of the Riggs National Bank, at home on the affirmative side and by Francis G. Addison, Jr., of the Home Savings Bank, and Harry C. Mooers of the Washington Loan and Trust Co., on the negative at Baltimore. The debaters of this chapter are under the direct supervision of F. B. Devereux, of the National Savings and Trust Co., chairman of the Debate Committee; and it is a well known fact that Mr. Devereux is one of our prize debaters, and it looks to us as if Washington Chapter will come home with first prize. It is the intention of those in charge of this affair to have the debate in the chapter rooms, to be followed by an informal dance and reception to the ladies.

J. D. Howard, cashier of the Seventh Street Savings Bank, chairman of the Banquet Committee, with his committee is hard at work formulating plans and securing speakers for our annual banquet, which we understand is to be held some time about the middle of March.

Another member of Washington Chapter's honor roll has gone up higher in the banking world of Washington, in John Poole, a past president of the chapter, who was elected president of the recently organized Federal National Bank. Mr. Poole has been cashier of the Commercial National Bank for several years.

## WHEELING.

By William W. England.

WHEELING CHAPTER had the pleasure of listening to Charles McCamie, an attorney of Wheeling, speak on "Panama Canal and Its Construction," at their last general meeting, January 21, and were very much pleased with the talk

which was very interesting, especially so, as a great amount of the iron work for the canal has been made by a foundry in Wheeling. The study class is progressing rapidly and the attendance is keeping up exceptionally well. The president has appointed a Membership Committee through which we expect to secure many new members.

## DOCUMENTS FOR DISTRIBUTION.

THE Association has on hand a quantity of printed matter. The list comprises the following documents, any of which will be sent to our members on notifying the office:

## Bills of Lading.

New Uniform Bills of Lading.

Constitutionality of Proposed Act (H. R. 14934).

Pennsylvania Speech—L. E. Pierson.

Little Rock, Arkansas, Speech—Thomas B. Paton.

Jamestown, Virginia, Speech—Thomas B. Paton.

Oklahoma Speech—Evans Woollen.

Report of Committee to 1908 Convention at Denver, with Appendices.

Report of Committee to 1909 Convention at Chicago, with Appendices.

Report of Committee to 1910 Convention at Los Angeles, with Appendices.

Proceedings of Joint Conference between bankers, carriers, shippers, etc., held at Chicago, September, 1909.

## Currency.

Report of the Currency Commission of the American Bankers' Association, 1907.

Report of Currency Commission of American Bankers' Association, made at a meeting held at Chicago, Saturday, January 18, 1908.

Statement of Currency Commission of American Bankers' Association presented to House Committee on Banking and Currency, at Washington, D. C., Wednesday, April 15, 1908.

Credit Currency. By Elmer H. Youngman, Editor "Bankers' Magazine."

Address of Hon. Charles N. Fowler, Chairman Committee on Banking and Currency, on the Financial Situation before the Illinois Manufacturers' Association, at Chicago, December 10, 1907.

Report of Committee on Banking and Currency on the "Issue and Redemption of National Bank Guaranteed Credit Notes," Fifty-ninth Congress, Second Session, 1906-7.

Suggested Plan for Monetary Legislation, submitted to the National Monetary Commission—By Hon. Nelson W. Aldrich, as revised by the Currency Commission of the American Bankers' Association.

## Miscellaneous.

Guaranty of National Bank Deposits. By James B. Forgan, President First National Bank, Chicago, Ill., before the annual meeting of Group Two of the Bankers' Association of the State of Illinois, held at Peoria, June 11, 1908.

General form of Articles of Association to be used in the organization of Clearing House Associations in the smaller cities and towns.

Report of Special Committee, Trust Company Section, September 13, 1904, on the Classification of Legal Decisions relating to Safe Deposit Companies, Rules and forms.

Address by Jordan J. Rollins before the Trust Company Section, September 14, 1905, on "The Protection of Trust Companies Acting as Transfer Agents and Registrars."

## RECENT PAMPHLETS ON CURRENCY LEGISLATION.

The Association has on hand for distribution upon request the following pamphlets:

Anderson, F. B., "The Need of Banking and Currency Reform."

Case, J. H., "Desirability of Commercial Paper as a Bank Investment."

Fourth National Bank, N. Y., "The New Aldrich Currency System, Original and Revised Plan Arranged in Parallel Columns, with Explanation."

Forgan, J. B., "Clearing House Examinations by Clearing House Examiners."

National Monetary Commission—Suggested plan for monetary legislation, January 16, 1911. Suggested plan for monetary legislation as revised by the Currency Commission of the A. B. A., April 23, 1911.

Reynolds, Arthur, "The Aldrich Plan," "Some Aids to the Solution of Our Financial Problems," "The Unsettled Currency Problem."

Reynolds, George M., "The Aldrich Currency Plan Interpreted."

## OFFICIAL BADGES.

ANY of the members of the Association, not present at the Detroit convention, who would like one of the official badges of the Association as a souvenir, can obtain same by writing to the General Secretary—a few of these badges having been left over. They will be sent out in the order the applications are received until the supply is exhausted.

